



Mary Taylor, CPA
Auditor of State

GERMAN TOWNSHIP
HARRISON COUNTY

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Mary Taylor, CPA
Auditor of State

German Township
Harrison County
90670 Mill Road
Jewett, Ohio 43986

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

December 24, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

German Township
Harrison County
90670 Mill Road
Jewett, Ohio 43986

To the Board of Trustees:

We have audited the accompanying financial statements of German Township, Harrison County, (the Township) as of and for the years ended December 31, 2007 and 2006. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe 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 require 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, 2007 and 2006 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, 2007 and 2006, 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 and reserves for encumbrances of German Township, Harrison County, as of December 31, 2007 and 2006, 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 December 24, 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.



Mary Taylor, CPA
Auditor of State

December 24, 2008

**GERMAN TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$14,463	\$39,915			\$54,378
Licenses, Permits, and Fees		300			300
Intergovernmental	25,009	107,430			132,439
Special Assessments		158			158
Earnings on Investments	1,784			\$34	1,818
Miscellaneous	6,794	860			7,654
Total Cash Receipts	<u>48,050</u>	<u>148,663</u>		<u>34</u>	<u>196,747</u>
Cash Disbursements:					
Current:					
General Government	35,267	1,642			36,909
Public Safety		7,000			7,000
Public Works		116,903			116,903
Health	568	12,007			12,575
Capital Outlay	15,000	495			15,495
Debt Service:					
Redemption of Principal		8,060			8,060
Interest and Other Fiscal Charges	113	1,206			1,319
Total Cash Disbursements	<u>50,948</u>	<u>147,313</u>			<u>198,261</u>
Total Receipts Over/(Under) Disbursements	<u>(2,898)</u>	<u>1,350</u>		<u>34</u>	<u>(1,514)</u>
Other Financing Receipts / (Disbursements):					
Proceeds of Notes	15,000				15,000
Transfers-Out	(1,500)				(1,500)
Transfers-In		1,500			1,500
Advances-Out	(1,850)				(1,850)
Advances-In		1,850			1,850
Total Other Financing Receipts / (Disbursements)	<u>11,650</u>	<u>3,350</u>			<u>15,000</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>8,752</u>	<u>4,700</u>		<u>34</u>	<u>13,486</u>
Fund Cash Balances, January 1	<u>43,452</u>	<u>19,076</u>	<u>\$2,444</u>	<u>658</u>	<u>65,630</u>
Fund Cash Balances, December 31	<u>\$52,204</u>	<u>\$23,776</u>	<u>\$2,444</u>	<u>\$692</u>	<u>\$79,116</u>

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

**GERMAN TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:						
Property and Other Local Taxes	\$15,037	\$41,495				\$56,532
Licenses, Permits, and Fees		1,800				1,800
Intergovernmental	11,710	111,838		\$15,000		138,548
Special Assessments		983				983
Earnings on Investments	1,659				\$31	1,690
Miscellaneous	121	8,355				8,476
Total Cash Receipts	28,527	164,471		15,000	31	208,029
Cash Disbursements:						
Current:						
General Government	31,203	1,536				32,739
Public Safety		4,100				4,100
Public Works		139,138				139,138
Health	861	11,223				12,084
Capital Outlay	218			15,000		15,218
Debt Service:						
Redemption of Principal		5,760				5,760
Interest and Other Fiscal Charges		1,077				1,077
Total Cash Disbursements	32,282	162,834		15,000		210,116
Total Receipts Over/(Under) Disbursements	(3,755)	1,637			31	(2,087)
Other Financing Receipts / (Disbursements):						
Sale of Fixed Assets	15,150					15,150
Transfers-Out	(5,000)					(5,000)
Transfers-In		5,000				5,000
Other Financing Sources	102,750					102,750
Other Financing Uses	(102,750)					(102,750)
Total Other Financing Receipts / (Disbursements)	10,150	5,000				15,150
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	6,395	6,637			31	13,063
Fund Cash Balances, January 1	37,057	12,439	\$2,444		627	52,567
Fund Cash Balances, December 31	\$43,452	\$19,076	\$2,444		\$658	\$65,630
Reserve for Encumbrances, December 31		\$1,500				\$1,500

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

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of German Township, Harrison County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and general government services. The Township contracts with the East Springfield, Hopedale, Jewett, and Unionport Volunteer Fire Departments to provide fire services.

The Township participates in the Ohio Government Risk Management Plan public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Ohio Government Risk Management Plan (the "Plan") is a on-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

**GERMAN TOWNSHIP
HARRSION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

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

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

Note Retirement Fund - This fund received property tax money for repayment of Township debt.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Issue II Fund - The Township received a grant from the State of Ohio to repair Township roads.

5. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Endowment Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$43,098	\$31,380
STAR Ohio	36,018	34,250
Total deposits and investments	<u>\$79,116</u>	<u>\$65,630</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,467	\$63,050	(\$19,417)
Special Revenue	144,334	160,163	15,829
Permanent	34	34	
Total	\$226,835	\$223,247	(\$3,588)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,795	\$52,448	\$8,347
Special Revenue	171,060	147,313	23,747
Permanent	175		175
Total	\$232,030	\$199,761	\$32,269

2006. Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$146,783	\$146,427	(\$356)
Special Revenue	156,231	169,471	13,240
Capital Projects		15,000	15,000
Permanent	26	31	5
Total	\$303,040	\$330,929	\$27,889

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$155,000	\$140,032	\$14,968
Special Revenue	161,520	164,334	(2,814)
Capital Projects		15,000	(15,000)
Permanent	140		140
Total	\$316,660	\$319,366	(\$2,706)

Contrary to Ohio Revised Code Section 5705.39, budgetary appropriations exceeded total available resources in various funds for the years ended December 31, 2007 and 2006.

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2006:

Fund	Total Estimated Resources	Appropriations	Variance
Motor Vehicle License Tax Fund	\$12,980	\$15,560	(\$2,580)
Gasoline Tax Fund	79,957	82,020	(2,063)

2007:

Fund	Total Estimated Resources	Appropriations	Variance
Gasoline Tax Fund	\$89,198	\$91,070	(\$1,872)
Road and Bridge Fund	31,133	39,460	(8,327)
Cemetery Fund	10,883	13,900	(3,017)
Street Lighting	642	1,000	(358)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Grader Lease-Purchase	\$13,006	4.85%
General Obligation Note	12,980	4.86%
Total	<u><u>\$25,986</u></u>	

The Township entered into a lease-purchase agreement for the purchase of a grader for Township road maintenance. The Township's taxing authority and the grader collateralize the lease.

The Township issued a general obligation note to finance the purchase of a truck for Township road maintenance. The Township's taxing authority and the truck collateralize the note.

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. DEBT - (Continued)

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

Year ending December 31:	Grader Lease	General Obligation Note
2008	\$6,837	\$3,392
2009	6,837	3,392
2010		3,392
2011		3,392
2012		811
Total	\$13,674	\$14,379

6. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. RISK MANAGEMENT - (Continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2007 and 2006.

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	\$6,862,902	\$6,290,528

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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Mary Taylor, CPA

Auditor of State

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

German Township
Harrison County
90670 Mill Road
Jewett, Ohio 43986

To the Board of Trustees:

We have audited the financial statements of German Township, Harrison County (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated December 24, 2008 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio 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 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

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. However, we believe the significant deficiency described above, 2007-002, is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated December 24, 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 24, 2008.

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



Mary Taylor, CPA
Auditor of State

December 24, 2008

**GERMAN TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Non-Compliance Citation

Ohio Revised Code Section 5705.39 prohibits a political subdivision from making a fund appropriation in excess of the total estimated resources available for expenditure from that fund as certified by the budget commission on the Amended Official Certificates of Estimated Resources.

Appropriations exceeded the amount certified as available by the budget commission in the following funds:

2006:

Fund	Total Estimated Resources	Appropriations	Variance
Motor Vehicle License Tax Fund	\$12,980	\$15,560	(\$2,580)
Gasoline Tax Fund	79,957	82,020	(2,063)

2007:

Fund	Total Estimated Resources	Appropriations	Variance
Gasoline Tax Fund	\$89,198	\$91,070	(\$1,872)
Road and Bridge Fund	31,133	39,460	(8,327)
Cemetery Fund	10,883	13,900	(3,017)
Street Lighting	642	1,000	(358)

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash fund balances. The Fiscal Officer should compare appropriations to estimated resources and if adequate resources are available for additional appropriations, the Township should request an amended certificate of estimated resources from the budget commission. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Trustees to reduce the appropriations.

FINDING NUMBER 2007-002

Significant Deficiency/Material Weakness

Proper Classification of Receipts and Disbursements

The Township did not correctly code and classify the following receipts and disbursements in 2006 and 2007 which resulted in adjustments and reclassifications. The Township Fiscal Officer has agreed to the reclassifications and the adjustments and these corrected amounts are reflected in the accompanying financial statements. The adjustments have also been posted to the Township ledgers.

**GERMAN TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2007-002
(Continued)**

2007

Fund Name	Account Type	Amount	Description
Reclassifications			
General	Intergovernmental	\$1,704	Recorded as Local Taxes
Road and Bridge	Intergovernmental	\$3,038	Recorded as Local Taxes
Cemetery	Intergovernmental	\$759	Recorded as Local Taxes
Fire District	Intergovernmental	\$524	Recorded as Local Taxes
General	Proceeds of Notes	\$15,000	Recorded as Extraordinary Item
General	Capital Outlay	\$15,000	Recorded as Other Financing Uses
Adjustments			
Road and Bridge	Local Taxes	\$10,300	Recorded as Local Taxes in the Note Retirement Fund.
Gasoline Tax	Intergovernmental	\$4,894	Recorded as Intergovernmental in the General Fund
Road and Bridge	General Government	\$1,120	Recorded as General Government in the General Fund
Cemetery	General Government	\$292	Recorded as General Government in the General Fund
Fire District	General Government	\$222	Recorded as General Government in the General Fund
Road and Bridge	Retirement of Principal	\$5,760	Recorded as Retirement of Principal in the Note Retirement Fund
Road and Bridge	Interest and Fiscal Charges	\$1,076	Recorded as Interest and Fiscal Charges in the Note Retirement Fund

2006:

Fund Name	Account Type	Amount	Description
Reclassifications			
General	Other Financing Sources	\$102,750	Recorded as Extraordinary Item
Adjustments			
Road and Bridge	Local Taxes	\$7,000	Recorded as Local Taxes in the Note Retirement Fund.
Road and Bridge	General Government	\$1,047	Recorded as General Government in the General Fund
Cemetery	General Government	\$273	Recorded as General Government in the General Fund
Fire District	General Government	\$208	Recorded as General Government in the General Fund
Issue II	Intergovernmental/Capital Outlay	\$15,000	Issue II Grant activity not recorded.
Road and Bridge	Retirement of Principal	\$7,782	Recorded as Retirement of Principal in the Note Retirement Fund
Road and Bridge	Interest and Fiscal Charges	\$1,501	Recorded as Interest and Fiscal Charges in the Note Retirement Fund

Failure to consistently follow a uniform chart of accounts increases the possibility that the Township will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Township Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability.

All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported. In addition, the Township should adopt procedures for the review of posting of transactions and subsequent posting to the financial statements.

Officials' Response:

We did not receive a response from officials to the findings reported above.

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**GERMAN TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Revised Code Section 5705.41(D) Proper Certification of Township Disbursements.	Partially Corrected	Reissued in Current Management Letter



Mary Taylor, CPA
Auditor of State

GERMAN TOWNSHIP

HARRISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 29, 2009**