



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GERMAN TOWNSHIP
FULTON COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

German Township
Fulton County
308 Buckeye Street
Archbold, Ohio 43502-1163

To the Board of Trustees:

We have audited the accompanying financial statements of German Township, Fulton County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

June 1, 2001

This page intentionally left blank.

**GERMAN TOWNSHIP
FULTON COUNTY**

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

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Local Taxes	\$122,451	\$269,729	\$392,180
Intergovernmental	110,238	95,666	205,904
Licenses, Permits, and Fees		525	525
Earnings on Investments	43,208	3,562	46,770
Other Revenue	5,754		5,754
Total Cash Receipts	281,651	369,482	651,133
Cash Disbursements:			
Current:			
General Government	109,015		109,015
Public Safety	21,694		21,694
Public Works	2,100	81,734	83,834
Health		7,864	7,864
Capital Outlay	561	130,035	130,596
Total Cash Disbursements	133,370	219,633	353,003
Total Cash Receipts Over Cash Disbursements	148,281	149,849	298,130
Other Financing Receipts/(Disbursements):			
Transfers-In		48,243	48,243
Transfers-Out	(48,243)		(48,243)
Total Other Financing Receipts/(Disbursements)	(48,243)	48,243	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	100,038	198,092	298,130
Fund Cash Balances, January 1	192,793	505,081	697,874
Fund Cash Balances, December 31	\$292,831	\$703,173	\$996,004

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

**GERMAN TOWNSHIP
FULTON COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$115,933	\$269,126	\$385,059
Intergovernmental	206,499	100,014	306,513
Licenses, Permits, and Fees		1,125	1,125
Earnings on Investments	15,583	2,043	17,626
Other Revenue	15,227		15,227
Total Cash Receipts	353,242	372,308	725,550
Cash Disbursements:			
Current:			
General Government	112,408		112,408
Public Safety	15,963		15,963
Public Works	2,521	82,858	85,379
Health		5,154	5,154
Capital Outlay	126,209	370,278	496,487
Total Cash Disbursements	257,101	458,290	715,391
Total Cash Receipts Over/(Under) Cash Disbursements	96,141	(85,982)	10,159
Other Financing Receipts/(Disbursements):			
Transfers-In		156,412	156,412
Transfers-Out	(156,412)		(156,412)
Total Other Financing Receipts/(Disbursements)	(156,412)	156,412	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(60,271)	70,430	10,159
Fund Cash Balances, January 1	253,064	434,651	687,715
Fund Cash Balances, December 31	\$192,793	\$505,081	\$697,874

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

**GERMAN TOWNSHIP
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

German Township, Fulton County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Village of Archbold to provide fire services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

**GERMAN TOWNSHIP
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

Fire Levy Fund - This fund receives property tax money for purchasing and maintaining fire equipment.

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 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.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The Township did not use the encumbrance method of accounting. However, no material unrecorded encumbrances were outstanding at December 31.

A summary of 2000 and 1999 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

The Township maintains a cash 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>2000</u>	<u>1999</u>
Demand deposits	\$995,504	\$447,374
Certificates of deposit	500	250,500
Total deposits	<u>\$996,004</u>	<u>\$697,874</u>

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

**GERMAN TOWNSHIP
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$187,200	\$281,651	\$94,451
Special Revenue	395,980	417,725	21,745
Total	\$583,180	\$699,376	\$116,196

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$379,993	\$181,613	\$198,380
Special Revenue	901,057	219,633	681,424
Total	\$1,281,050	\$401,246	\$879,804

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$186,200	\$353,242	\$167,042
Special Revenue	375,741	528,720	152,979
Total	\$561,941	\$881,962	\$320,021

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$439,063	\$413,513	\$25,550
Special Revenue	789,249	458,290	330,959
Total	\$1,228,312	\$871,803	\$356,509

Contrary to Ohio Administrative Code § 117-3-9, the Township's estimated resources in its 2000 and 1999 financial statements did not agree with the Amended Certificates approved by the Board of Trustees and filed with the County Auditor. The budgetary financial note correctly reflects approved budgeted resources.

**GERMAN TOWNSHIP
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides a group health insurance premium reimbursement plan including hospitalization, surgical care, major medical care, medical care and prescription drugs to their road maintenance employees, trustees and clerk.

7. SUBSEQUENT EVENTS

On May 14, 2001, the Township entered into a road improvement contract for \$326,069 with Heer Construction.

**GERMAN TOWNSHIP
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. COMPLIANCE

Contrary to Revised Code, estate tax monies of \$135,270 were credited to the Road and Bridge Fund instead of the General Fund. An adjustment was included in the 1999 financial statements to record these monies in the General Fund.

Contrary to Township Resolution, a transfer of estate tax monies received was not recorded in the financial statements. An adjustment was included in the 1999 financial statements to record the transfer.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

German Township
Fulton County
308 Buckeye Street
Archbold, Ohio 43502-1163

To the Board of Trustees:

We have audited the accompanying financial statements of German Township, Fulton County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 1, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items: 2000-40126-001, 2000-40126-002, 2000-40126-003 and 2000-40126-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 1, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 1, 2001.

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

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

Jim Petro
Auditor of State

June 1, 2001

**GERMAN TOWNSHIP
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-40126-001

Noncompliance Citation

Ohio Administrative Code § 117-3-11 (C) states each expenditure or encumbrance charged against an appropriation account shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance. This procedure is to be initiated by an executed purchase order.

The Township does not use purchase orders nor does it encumber funds. The Township utilizes *Then and Now Certificates* for all contracts and orders.

Ohio Administrative Code § 117-3-11 was replaced by Ohio Administrative Code § 117-2-02 (C)(2) and (D) (3) as of July 1, 2000. The replacement section suggests that local governments maintain much of the records in much the same format as the superseded sections.

We recommend the Clerk complete a purchase order for all purchase commitments. The purchase orders would be recorded in the appropriations ledgers against an applicable appropriation account leaving an unencumbered balance. The unencumbered balance should be used as a management tool to control expenditures.

FINDING NUMBER 2000-40126-002

Noncompliance Citation

Ohio Administrative Code § 117-3-9 states each township shall maintain a receipts ledger which shall contain a separate sheet for each account established by the township. The Township shall post to each receipts account the estimated amount of money to be received into the account as specified by the county budget commission in its official estimate of balances and receipts set forth in the certificate of estimated resources.

In 2000 and 1999, no estimated revenue amounts were posted to the receipts ledger. The budgetary financial note correctly reflects amounts from the certificate of estimated resources.

Inaccurate budget to actual comparisons could cause management to draw incorrect conclusions regarding fiscal position.

Ohio Administrative Code § 117-3-9 was replaced by Ohio Administrative Code § 117-2-02 (C)(1) and (D)(2) as of July 1, 2000. The replacement section suggests that local governments maintain much of the records in much the same format as the superseded sections.

We recommend the taxes revenue and total other sources revenue amounts posted to the revenue history reports should be reconciled with the taxes revenue and total other sources revenue amounts officially approved on the Amended Certificates of Estimated Resources.

FINDING NUMBER 2000-40126-003

Noncompliance Citation

Ohio Revised Code § 5731.48 requires the gross amount of estate taxes levied and paid under chapter 5731, for the use of the township in which the tax originates, to be credited to the general revenue fund of a township. In 1999, the township received estate tax in the amount of \$135,270. This amount was credited to the Road and Bridge Fund instead of the General Fund.

Adjustments were recorded to the General Fund and the Road and Bridge Fund to recognize the estate tax monies in the proper fund. We recommend that estate tax monies be recorded in the General Fund.

FINDING NUMBER 2000-40126-004

Noncompliance Citation

German Township, Resolution to Transfer Estate Tax (June 15, 1999) states that estate taxes of \$135,270 received from the Fulton County Auditor were to be transferred from the General Fund to the Road and Bridge Fund. This transfer was not recorded in the Township's financial records. These monies were recorded directly into the Road and Bridge Fund instead of the General Fund. This resulted in the Township not complying with Revised Code §5731.48.

Adjustments were recorded to the General Fund and the Road and Bridge Fund to recognize the transfer authorized by the Board of Trustees. We recommend that all transfers authorized by the Board of Trustees be recorded in the financial statements.

**GERMAN TOWNSHIP
FULTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-40126-001	Ohio Administrative Code § 117-3-11(C) The Township does not use purchase orders nor does it encumber funds.	No	Not Corrected.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

GERMAN TOWNSHIP

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 19, 2001**