

CEDARVILLE TOWNSHIP

DAYTON REGION, GREENE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010



Dave Yost • Auditor of State

Board of Trustees
Cedarville Township
78 North Main Street
Cedarville, Ohio 45314

We have reviewed the *Independent Auditors' Report* of Cedarville Township, Greene County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2010 through December 31, 2011. 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. Cedarville Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 9, 2012

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**CEDARVILE TOWNSHIP
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	1 – 2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Government Fund Types - For the Year Ended December 31, 2011	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Fiduciary Fund Types - For the Year Ended December 31, 2011	5
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Government Fund Types - For the Year Ended December 31, 2010	6
Notes to the Financial Statements	7 – 15
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	17 – 18
Schedule of Finding	19 – 20
Schedule of Prior Audit Findings	21

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

Cedarville Township
Greene County
78 North Main Street
Cedarville, Ohio 45314

To the Board of Trustees:

We have audited the accompanying financial statements of Cedarville Township, Greene County, (the Township), as of and for the years ended December 31, 2011 and 2010. 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 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.

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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, 2011 and 2010 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, 2011 and 2010, 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 Cedarville Township, Greene County, Ohio, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

For the years ended December 31, 2011 and 2010, the Township revised its financial presentation comparable to the regulatory format presentation as prescribed by the Auditor of State of Ohio. See Note 9 Change in basis of accounting and restatement of fund equity.

As described in Note 1, during 2011 Cedarville Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2012, 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 31, 2012

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**CEDARVILLE TOWNSHIP
GREENE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Permanet	
Cash Receipts:				
Property and Other Local Taxes	\$ 140,763	\$ 346,411	\$ 0	\$ 487,174
Changes for Services	0	81,459	0	81,459
Licenses, Permits and Fees	14,710	0	0	14,710
Intergovernmental Receipts	45,472	102,301	0	147,773
Earnings on Investments	309	91	694	1,094
Miscellaneous	4,424	27,806	0	32,230
Total Cash Receipts	205,678	558,068	694	764,440
Cash Disbursements:				
Current:				
General Government	177,504	0	0	177,504
Public Safety	5,830	307,710	0	313,540
Public Works	0	144,846	0	144,846
Health	43,095	0	0	43,095
Capital Outlay	0	43,758	0	43,758
Total Cash Disbursements	226,429	496,314	0	722,743
Total Receipts Over/(Under) Disbursements	(20,751)	61,754	694	41,697
Other Financing Receipts/Disbursements				
Sale of Fixed Assets	0	3,525	0	3,525
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,751)	65,279	694	45,222
Fund Cash Balances, January 1	278,199	426,766	179,266	884,231
Fund Cash Balances, December 31				
Nonspendable	0	0	98,980	98,980
Restricted	0	492,045	80,980	573,025
Unassigned (Deficit)	257,448	0	0	257,448
<i>Fund Cash Balances, December 31</i>	<u><u>\$257,448</u></u>	<u><u>\$492,045</u></u>	<u><u>\$179,960</u></u>	<u><u>\$929,453</u></u>

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2011

	Fiduciary Fund Types	Totals
	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts		
<i>Total Operating Cash Receipts</i>	0	0
Operating Cash Disbursements		
<i>Total Operating Cash Disbursements</i>	0	0
<i>Operating Income (Loss)</i>	0	0
Non-Operating Receipts (Disbursements)		
<i>Total Non-Operating Receipts (Disbursements)</i>	0	0
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	0	0
Capital Contributions	1,000	1,000
<i>Net Change in Fund Cash Balances</i>	1,000	1,000
<i>Fund Cash Balances, January 1</i>	0	0
<i>Fund Cash Balances, December 31</i>	<u>\$1,000</u>	<u>\$1,000</u>

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Permanet	
Cash Receipts:				
Property and Other Local Taxes	\$ 142,981	\$ 314,729	\$ 0	\$ 457,710
Changes for Services	0	91,366	0	91,366
Licenses, Permits and Fees	18,188	0	0	18,188
Intergovernmental Receipts	42,757	119,208	0	161,965
Earnings on Investments	294	91	318	703
Miscellaneous	1,279	30,184	0	31,463
Total Cash Receipts	205,499	555,578	318	761,395
Cash Disbursements:				
Current:				
General Government	170,657	0	0	170,657
Public Safety	22,497	308,033	0	330,530
Public Works	49	155,696	0	155,745
Health	42,168	6,644	0	48,812
Capital Outlay	0	84,559	0	84,559
Total Cash Disbursements	235,371	554,932	0	790,303
Total Receipts Over/(Under) Disbursements	(29,872)	646	318	(28,908)
Other Financing Receipts/Disbursements				
Sale of Fixed Assets	0	4,592	0	4,592
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(29,872)	5,238	318	(24,316)
Fund Cash Balances, January 1	308,071	421,528	178,948	908,547
Fund Cash Balances, December 31				
Nonspendable	0	0	98,980	98,980
Restricted	0	426,766	80,286	507,052
Unassigned (Deficit)	278,199	0	0	278,199
Fund Cash Balances, December 31	\$278,199	\$426,766	\$179,266	\$884,231

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

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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 Cedarville Township of Greene County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Cedarville Fireman's Association for fire protection. Police protection is provided by the Greene County Sherriff's Department.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. 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 prescribed or permitted by the Auditor of State.

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.

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

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting, (continued)

Special Revenue Funds:

These funds 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.

Fire District Fund – This fund receives property tax money to provide fire and ambulance services to the Township.

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

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 Bequest 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.

Fiduciary Funds:

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain individuals.

**GREENE TOWNSHIP
MONTGOMERY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations

Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. 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.

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.

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 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2011</u>	<u>2010</u>
Demand Deposits	\$ 761,804	\$716,271
Certificates of Deposit	<u>168,649</u>	<u>167,960</u>
Total	<u>\$ 930,453</u>	<u>\$884,231</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2011 was as follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 231,650	\$ 205,678	\$ (25,972)
Special Revenue	576,660	561,593	(15,067)
Permanent	400	694	294
Private Purpose Trust	0	1,000	1,000
Total	\$ 808,710	\$ 768,965	\$ (39,745)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 496,753	\$ 226,429	\$ 270,324
Special Revenue	986,966	496,314	490,652
Permanent	40,000	0	40,000
Total	\$ 1,523,719	\$ 722,743	\$ 800,976

Budgetary activity for the year ending December 31, 2010 was as follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 231,750	\$ 205,499	\$ (26,251)
Special Revenue	563,565	560,170	(3,395)
Permanent	2,500	318	(2,182)
Total	\$ 797,815	\$ 765,987	\$ (31,828)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 532,570	\$ 235,371	\$ 297,199
Special Revenue	971,529	554,932	416,597
Permanent	40,000	0	40,000
Total	\$ 1,544,099	\$ 790,303	\$ 753,796

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

3. BUDGETARY ACTIVITY(continued):

Ohio Rev. Code Section 5705.36 requires all subdivision to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. Contrary to Ohio Law, estimated resources exceeded actual receipts in 2011 in the General, Gasoline Tax, and Permissive Motor Vehicle License funds by \$25,972, \$16,484, and \$153 respectively. In 2010, estimated resources exceeded actual receipts in the General, and Fire District funds by \$26,250, and \$10,980 respectively.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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 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. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and 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 2011 and 2010, OP&F participants contributed 10 percent of their wages. For 2011 and 2010 the Township contributed to OP&F an amount equal to 24 percent for full-time fire fighters' wages, respectively. For 2011 and 2010 OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

6. LEASE

In 2009, the Township entered into a lease agreement with Ohio Township Association Master Leasing Program for the lease of a 2008 Horton 553 Type 3 Ambulance for a term of five years at 4.650%.

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

6. LEASE (continued)

Future lease payments for the above leases are as follows:

Year Ending December 31:	Amount
2012	27,011
2013	27,011
Total Minimum Lease Payments	\$54,022
Less amount representing interest	3,547
Present value of minimum lease payments	\$50,475

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses and injuries to employees. The Township insures against injuries through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 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.

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, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$ 35,855,252	\$ 38,985,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Retained Earnings	<u>\$ 25,190,528</u>	<u>\$ 26,101,322</u>

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

7. RISK MANAGEMENT (Continued)

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$15,330.

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

2011	\$20,719
2010	\$17,834
2009	\$15,235

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

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 31, 2012, the date on which the financial statements were available for issue. The review did not reveal any subsequent events which would warrant inclusion here.

9. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

For 2010 the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2009 the Township had implemented the cash basis of accounting, which included fund financial statements presenting each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. There was no restatement of equity due to this change.

For the year ended December 31, 2011 and 2010, the Township revised its financial presentation comparable to the regulatory basis of accounting as prescribed by the State Auditor's Office.

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

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

Cedarville Township
Greene County
78 North Main Street
Cedarville, Ohio 45314

To the Board of Trustees:

We have audited the financial statements of Cedarville Township, Greene County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 31, 2012, 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. For the year ended December 31, 2010, we noted the Township implemented Governmental Accounting Standard Board Statement No.54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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 opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect, and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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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 we must report under Government Auditing Standards which is described in the accompanying schedule of findings as item 2011-001.

We noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 31, 2012.

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 the management, and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 31, 2012

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

FINDING NUMBER 2011-001

Ohio Rev. Code Section 5705.36 (A)(2) allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

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

Estimated resources exceeded actual receipts in the following funds:

Fund	Estimated Receipts	Actual Receipts	Variance
2011			
General Fund	\$ 231,650	\$ 205,678	\$ (25,972)
Gasoline Tax	93,000	76,516	(16,484)
Permissive Motor Vehicle License	6,200	6,047	(153)
2010			
General Fund	\$ 231,750	\$ 205,500	\$ (26,250)
Fire District	380,665	369,685	(10,980)

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

In addition, budgetary information on the Township's computer records did not agree with the information filed with the County Auditor in both 2011 and 2010. Failure to record the budgetary data accurately presents an inaccurate comparison of the budgetary activity and can mislead those using the annual financial report.

**CEDARVILLE TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-001, continued

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 Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and go detected and increases the likelihood that the Township's financial statements will be misstated.

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

CEDARVILLE TOWNSHIP
GREENE COUNTY
 SCHEDULE OF PRIOR AUDIT FINDINGS
 FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2009-001	ORC Sec. 5705.36 (A)(3) - Failure to amend estimated receipts resulting in estimated receipts being greater than actual	No	Reissued as 2011-001
2009-002	ORC Sec. 5705.41(D) - Failure to certify availability of funds prior to incurring an expense	Partially	Issued as Management Letter Comment
2009-003	Failure to properly classify revenues and expenses	Yes	

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Dave Yost • Auditor of State

CEDARVILLE TOWNSHIP

GREENE 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
OCTOBER 23, 2012**