



Dave Yost • Auditor of State

GERMAN TOWNSHIP
HARRISON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

German Township
Harrison County
90670 Mill Road
Jewett, Ohio 43986

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of German Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of German Township, Harrison County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 26, 2014

**GERMAN TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$15,388	\$50,864		\$66,252
Licenses, Permits and Fees	9,524			9,524
Intergovernmental	11,333	109,424		120,757
Special Assessments		1,755		1,755
Earnings on Investments	21		\$1	22
Miscellaneous	1,073	2,740		3,813
<i>Total Cash Receipts</i>	<u>37,339</u>	<u>164,783</u>	<u>1</u>	<u>202,123</u>
Cash Disbursements				
Current:				
General Government	31,488			31,488
Public Safety		16,000		16,000
Public Works		163,221		163,221
Health	523	8,126		8,649
Capital Outlay		6,000		6,000
Debt Service:				
Principal Retirement	6,167	3,000		9,167
Interest and Fiscal Charges		300		300
<i>Total Cash Disbursements</i>	<u>38,178</u>	<u>196,647</u>	<u>0</u>	<u>234,825</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(839)</u>	<u>(31,864)</u>	<u>1</u>	<u>(32,702)</u>
Other Financing Receipts (Disbursements)				
Transfers In		1,000		1,000
Transfers Out	(1,000)			(1,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,000)</u>	<u>1,000</u>	<u>0</u>	<u>0</u>
Extraordinary Item		1,993		1,993
<i>Net Change in Fund Cash Balances</i>	<u>(1,839)</u>	<u>(28,871)</u>	<u>1</u>	<u>(30,709)</u>
<i>Fund Cash Balances, January 1</i>	<u>48,116</u>	<u>70,680</u>	<u>712</u>	<u>119,508</u>
Fund Cash Balances, December 31				
Nonspendable			713	713
Restricted		41,809		41,809
Unassigned (Deficit)	46,277			46,277
<i>Fund Cash Balances, December 31</i>	<u>\$46,277</u>	<u>\$41,809</u>	<u>\$713</u>	<u>\$88,799</u>

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

**GERMAN TOWNSHIP
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES**

FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$13,843	\$51,161			\$65,004
Licenses, Permits and Fees	6,503	1,900			8,403
Intergovernmental	11,892	104,395			116,287
Special Assessments		1,248			1,248
Earnings on Investments	68			\$1	69
Miscellaneous	1,236	31,999			33,235
<i>Total Cash Receipts</i>	<u>33,542</u>	<u>190,703</u>	<u>\$0</u>	<u>1</u>	<u>224,246</u>
Cash Disbursements					
Current:					
General Government	37,993				37,993
Public Safety		8,000			8,000
Public Works		148,902			148,902
Health	1,060	12,140			13,200
Capital Outlay		21			21
Debt Service:					
Principal Retirement		1,084	2,400		3,484
Interest and Fiscal Charges		316			316
<i>Total Cash Disbursements</i>	<u>39,053</u>	<u>170,463</u>	<u>2,400</u>	<u>0</u>	<u>211,916</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(5,511)</u>	<u>20,240</u>	<u>(2,400)</u>	<u>1</u>	<u>12,330</u>
Other Financing Receipts (Disbursements)					
Transfers In		500			500
Transfers Out	(500)				(500)
Other Financing Sources		94			94
Other Financing Uses			(94)		(94)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(500)</u>	<u>594</u>	<u>(94)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(6,011)</u>	<u>20,834</u>	<u>(2,494)</u>	<u>1</u>	<u>12,330</u>
<i>Fund Cash Balances, January 1</i>	<u>54,127</u>	<u>49,846</u>	<u>2,494</u>	<u>711</u>	<u>107,178</u>
Fund Cash Balances, December 31					
Nonspendable				712	712
Restricted		70,680			70,680
Unassigned (Deficit)	48,116				48,116
<i>Fund Cash Balances, December 31</i>	<u>\$48,116</u>	<u>\$70,680</u>	<u>\$0</u>	<u>\$712</u>	<u>\$119,508</u>

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

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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, Ohio (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, fire protection and emergency medical services. The Township contracts with the Hopedale, Unionport, Jewett and East Springfield Volunteer Fire Departments to provide fire services.

The Township participates in Ohio Plan Risk Management, Inc. (OPRM), a self-insurance risk management program. Note 7 to the financial statements provides additional information for this entity.

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. Deposits 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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

General (Note) Retirement – These funds were used to pay principal and interest on Township debt agreements. These funds were closed at the end of 2012.

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting Township's programs (for the benefit of the Township or its citizenry). 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.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Appropriations lapse at year end.

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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 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 canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 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.

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.

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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. The 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.

2. Equity in Pooled Deposits and Investments

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$51,666	\$82,376
STAR Ohio investments	37,133	37,132
Total deposits and investments	<u>\$88,799</u>	<u>\$119,508</u>

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

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012, follows:

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,000	\$37,339	\$9,339
Special Revenue	160,000	165,783	5,783
Permanent	1	1	0
Total	<u>\$188,001</u>	<u>\$203,123</u>	<u>\$15,122</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$61,300	\$39,178	\$22,122
Special Revenue	218,475	196,647	21,828
Total	<u>\$279,775</u>	<u>\$235,825</u>	<u>\$43,950</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,948	\$33,542	\$5,594
Special Revenue	168,700	191,297	22,597
Permanent	1	1	1
Total	<u>\$196,648</u>	<u>\$224,840</u>	<u>\$28,192</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$86,306	\$39,553	\$46,753
Special Revenue	204,025	170,463	33,562
Debt Service	2,400	2,494	(94)
Total	<u>\$292,731</u>	<u>\$212,510</u>	<u>\$80,221</u>

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

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.

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

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, 2013, was as follows:

	Principal	Interest Rate
Governmental Equipment Lease- Purchase Agreement	\$62,206	2.79%

The Township entered into a lease-purchase agreement to finance the purchase of a new backhoe loader for Township road and cemetery maintenance. The equipment collateralized the lease.

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

	Lease- Purchase Agreement
Year ending December 31:	
2014	\$9,871
2015	9,871
2016	9,871
2017	9,871
2018	9,871
2019-2020	18,921
Total	\$68,276

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Retirement Systems

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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

7. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

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

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

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.

**GERMAN TOWNSHIP
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013:

	<u>2012</u>	<u>2013</u>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

8. Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

9. Subsequent Events

On March 31, 2014, the Township signed a lease agreement with Chesapeake Energy, LLC. As stated in the minutes on July 28, 2014, the Trustees discussed the gas and oil lease payment that they received from Chesapeake. On August 13, 2014, the Trustees held a meeting to discuss a five year amortization plan for the \$66,000 that they received from the lease.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of German Township, Harrison County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2014, wherein we noted the Township followed financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

September 26, 2014

**GERMAN TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook (revised March 2014) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Fiscal Officer did not correctly post all receipts and disbursements in 2013 and 2012, which resulted in adjustments and reclassifications. The 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's accounting system.

2013			
Fund	Account Type	Amount	Description
Adjustments			
General	Debt Service - Principal	\$3,484	Paid out of Cemetery Fund in error.
Reclassifications			
General	Intergovernmental	\$712	Local government receipt classified as Property Taxes
General	Intergovernmental	\$2,754	Homestead & rollback receipt classified as Property Taxes
Road and Bridge	Intergovernmental	\$4,352	Homestead & rollback receipt classified as Property Taxes
Cemetery	Intergovernmental	\$1,272	Homestead & rollback receipt classified as Property Taxes
Fire	Intergovernmental Revenue	\$1,272	Homestead & rollback receipt classified as Property Taxes
Road and Bridge	Intergovernmental	\$4,920	PUCO Rail Division reimbursement classified as Miscellaneous
General	Debt Service - Principal	\$2,683	Principal debt payment classified as Capital Outlay
General	Licenses, Permits and Fees	\$4,468	Tipping fees classified as special items
General	Licenses, Permits and Fees	\$5,056	Tipping fees classified as other financing sources
General	Miscellaneous	\$821	Workers compensation refund classified as an extraordinary item
Cemetery Endowment	Fund Balance-Nonspendable	\$713	Fund balance classified as Restricted

**GERMAN TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2013-001 (Continued)

Material Weakness (Continued)

2012			
Fund	Account Type	Amount	Description
Adjustments			
Fire Fund	Property Taxes	\$85	Posted to Cemetery Fund in error.
Reclassifications			
General	Intergovernmental	\$2,734	Homestead & rollback receipt classified as Property Taxes
Road and Bridge	Intergovernmental	\$4,365	Homestead & rollback receipt classified as Property Taxes
Cemetery	Intergovernmental	\$1,275	Homestead & rollback receipt classified as Property Taxes
Fire	Intergovernmental	\$1,275	Homestead & rollback receipt classified as Property Taxes
General	Intergovernmental	\$225	Cigarette license fees classified as Miscellaneous
General	Licenses, Permits and Fees	\$6,503	Tipping fees classified as other financing sources
General	Miscellaneous	\$1,236	Various miscellaneous fees classified as extraordinary items
Road and Bridge	Debt Service - Principal	\$245	Principal debt payment classified as Capital Outlay.
Road and Bridge	Debt Service - Interest	\$24	Interest debt payment classified as Capital Outlay.
Road and Bridge	Debt Service - Principal	\$108	Principal debt payment classified as an interest debt payment.
Cemetery Endowment	Fund Balance-Nonspendable	\$712	Fund balance classified as Restricted

We recommend the Township utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to receipt and expenditure account classifications based on the source of the receipt and purpose of the expenditure.

Officials' Response: We did not receive a response from the officials to the finding reported above.

**GERMAN TOWNSHIP
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 and 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Finding for Recovery – Repaid Under Audit - Ohio Rev. Code § 505.601, reimbursement for out-of-pocket premiums paid for insurance policies.	Yes	N/A.
2011-02	Ohio Rev. Code § 5705.41(D)(1), not certifying availability of funds prior to incurring an obligation.	Yes	N/A.
2011-03	Ohio Rev. Code § 5705.41(B), expenditures exceeding appropriations.	Yes	N/A.
2011-04	Material Weakness - Receipts and disbursements not always posted to accurate fund/classifications.	No	Not Corrected; Reissued as Finding No. 2013-001.

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Dave Yost • 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
OCTOBER 16, 2014**