

**DUCHOUQUET TOWNSHIP**

DAYTON REGION, AUGLAIZE COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Duchouquet Township  
17301 Golden Bridge Road  
Wapakoneta, Ohio 45895

We have reviewed the *Independent Auditors' Report* of Duchouquet Township, Auglaize County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2008. 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. Duchouquet Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 31, 2009

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**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

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

**INDEPENDENT AUDITORS' REPORT**

Duchouquet Township  
Auglaize County  
17301 Golden Bridge Road  
Wapakoneta, Ohio 45895

To the Board of Trustees:

We have audited the accompanying financial statements of Duchouquet Township, Auglaize County, (the Township), as of and for the years ended December 31, 2008 and 2007. 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 Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 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, 2008 and 2007, 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 Duchouquet Township, Auglaize County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2009, 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 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

June 18, 2009

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**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

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

	<b>GOVERNMENTAL FUND TYPES</b>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 43,011	\$ 221,977	\$ 264,988
Licenses, Permits and Fees	3,215	1,703	4,918
Intergovernmental Receipts	158,975	143,120	302,095
Earnings on Investments	2,783	1,904	4,687
Miscellaneous	582	1,671	2,253
	<u>208,566</u>	<u>370,375</u>	<u>578,941</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	111,318	101,587	212,905
Public Safety	2,314	1,703	4,017
Public Works	4,686	255,894	260,580
Health	1,782	0	1,782
Capital Outlay	5,644	24,205	29,849
	<u>125,744</u>	<u>383,389</u>	<u>509,133</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over/(Under) Disbursements</b>	<u>82,822</u>	<u>(13,014)</u>	<u>69,808</u>
<b>Fund Cash Balances, January 1</b>	<u>20,466</u>	<u>217,609</u>	<u>238,075</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 103,288</u>	<u>\$ 204,595</u>	<u>\$ 307,883</u>

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

**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

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

	<b>GOVERNMENTAL FUND TYPES</b>		
	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 42,478	\$ 223,061	\$ 265,539
Licenses, Permits and Fees	3,360	3,521	6,881
Intergovernmental Receipts	30,523	135,249	165,772
Earnings on Investments	6,996	5,785	12,781
Miscellaneous	739	3,342	4,081
	<u>84,096</u>	<u>370,958</u>	<u>455,054</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	100,620	99,823	200,443
Public Safety	4,760	3,521	8,281
Public Works	69	239,332	239,401
Health	1,660	0	1,660
Capital Outlay	4,136	57,140	61,276
	<u>111,245</u>	<u>399,816</u>	<u>511,061</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(27,149)</u>	<u>(28,858)</u>	<u>(56,007)</u>
<b>Fund Cash Balances, January 1</b>	<u>47,615</u>	<u>246,467</u>	<u>294,082</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 20,466</u>	<u>\$ 217,609</u>	<u>\$ 238,075</u>

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

**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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**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 Duchouquet Township, Auglaize County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Township Trustees directs the Township. The Township provides road and bridge maintenance, fire protection, and emergency medical services. The Township contracts with the City of Wapakoneta, Village of Buckland, Village of Criddersville, and Uniopolis Volunteer Fire Department to provide fire protection and emergency medical 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 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:

**1. General Fund:**

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

**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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:

**Motor Vehicle License Tax Fund** – This fund receives license tax money to pay for constructing, maintaining, and repairing Township roads.

**Gasoline Tax Fund** – This fund receives gasoline money for constructing, maintaining and repairing Township roads.

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

**Special Levy Fire Fund** - This fund receives property tax money from an operating levy in order to provide fire protection functions and ambulance and other emergency services to the Township residents.

**E. Budgetary Process**

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

**Appropriations**

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

**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.

**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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. The Township did not encumber all commitments required by Ohio law.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**F. 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.

**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>2008</u>	<u>2007</u>
Demand Deposits	<u>\$307,883</u>	<u>\$238,075</u>

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

**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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**3. BUDGETARY ACTIVITY**

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

<b>2008 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 185,000	\$ 208,566	\$ 23,566
Special Revenue	377,610	370,375	(7,235)
Total	<u>\$ 562,610</u>	<u>\$ 578,941</u>	<u>\$ 16,331</u>

<b>2008 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 205,466	\$ 125,744	\$ 79,722
Special Revenue	595,219	383,389	211,830
Total	<u>\$ 800,685</u>	<u>\$ 509,133</u>	<u>\$ 291,552</u>

Budgetary activity for the year ending December 31, 2007 was as follows:

<b>2007 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 110,000	\$ 84,096	\$ (25,904)
Special Revenue	367,484	370,958	3,474
Total	<u>\$ 477,484</u>	<u>\$ 455,054</u>	<u>\$ (22,430)</u>

<b>2007 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 157,615	\$ 111,245	\$ 46,370
Special Revenue	613,951	399,816	214,135
Total	<u>\$ 771,566</u>	<u>\$ 511,061</u>	<u>\$ 260,505</u>

Contrary to Ohio Law, estimated resources exceeded actual receipts in 2008 in the motor vehicle license, gasoline, permissive, fire rescue funds by \$8,381,\$8,914, \$606, and \$297; and in 2007, general, motor vehicle, gasoline, and permissive funds by \$25,904, \$2,835, \$1,480, \$544.

**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 percent and 9.5 percent, respectively, of their gross salaries and the Township contributed an amount equaling 14 percent and 13.85 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**6. 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. OTARMA is a member of the American Public Entities Excess Pool (APEEP.) Member governments pay annual contributions to fund OTARMA. OTARMA pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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**6. RISK MANAGEMENT (Continued)**

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548. The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Retained Earnings	<u>\$ 29,852,866</u>	<u>\$ 29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when related claims are due for payment.

The Township's share of these unpaid claims collectible in future years is approximately \$17,258. This payable includes the subsequent year's contribution due if the Township terminates participation as described in the last paragraph below.



**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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**6. RISK MANAGEMENT (Continued)**

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contributions to OTARMA for the past three years are as follows:

<u>Contributions to OTARMA</u>	
2008	\$8,278
2007	\$8,545
2006	\$9,945

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

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

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

Duchouquet Township  
Auglaize County  
17301 Golden Bridge Road  
Wapakoneta, Ohio 45895

To the Board of Trustees:

We have audited the financial statements of Duchouquet Township, Auglaize County, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 18, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We consider the deficiencies described in the accompanying Schedule of Findings as items 2008-001 through 2008-002, and 2008-004 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of the section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described in items 2008-001 and 2008-002 to be a material weaknesses.

### **Compliance and Other Matters**

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 grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany Schedule of Findings as items 2008-003 and 2008-2004.

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 also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated June 18, 2009.

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

June 18, 2009

**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Monthly Bank Reconciliations – Material Weakness**

Bank reconciliations were completed on a monthly basis during the audit period. However, it was noted that not all bank statements and reconciliations were presented to the Trustees for their review and approval. The Fiscal Officer stated that she presents the Trustees with three or four bank statements and reconciliations per year which they review and sign.

Monthly bank reconciliations should be reviewed by the Trustees, along with a list of outstanding checks, and the reconciled bank balance should be compared to the balance per the UAN system to ensure the amounts correspond. The balance in the UAN system should be reviewed to ensure that all active and invested money under the control of the Trustees is included. The Trustees should date and initial each monthly bank statement and reconciliation as documentation of their review.

The failure of the Township’s governing bodies to monitor the financial activity of the Township could result in financial objectives not being achieved; the violation of Ohio Rev. Code laws, Township Ordinances, grant requirements, or debt covenants; or errors and/or irregularities occurring and not being detected in a timely manner.

Response: The Trustees will review and sign the bank statements and reconciliations each month.

**FINDING NUMBER 2008-002**

**Budgetary - Posting Estimated Revenues and Appropriations**

Budgetary information on the Township’s computer records did not agree with the information filed with the County Auditor in both 2008 and 2007. Additionally, approval of the budget by the Trustees was not documented in the minutes. Failure to record and report the budgetary data accurately presents an inaccurate comparison of the budgetary activity and can mislead those using the annual financial report.

Approval of the yearly budget by the Trustees should be clearly documented in the minutes and the Fiscal Officer should reconcile the year end budgetary data with the approved amounts to ensure the budgetary activity is being reported accurately.

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: The Fiscal Officer and Trustees will monitor budgetary reports more closely.

**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-003**

**Ohio Rev. Code, Section 5705.36**, requires all subdivisions to request reduced amended certificates upon determination by the Fiscal Officer that revenue to be collected will be less than the amount in the official certificate of estimated resources. The intent of this requirement is to require the Fiscal Officer to obtain a reduced amended certificate when it appears that budgetary resources will fall short of earlier estimates, reducing the possibility that deficit spending will occur. Actual receipts for both years of the audit period were below estimated receipts in the following funds:

Fund	Estimated Receipts	Actual Receipts	Variance
<b>2008</b>			
Motor Vehicle License	\$ 18,000	\$ 13,660	\$ (8,381)
Gasoline Tax	100,000	91,086	(8,914)
Permissive Motor Vehicle	12,000	11,394	(606)
Fire, Rescue and Ambulance	2,000	1,703	(297)
<b>2007</b>			
General Fund	\$ 110,000	\$ 84,096	\$ (25,904)
Motor Vehicle License	18,000	15,165	(2,835)
Gasoline Tax	95,000	93,520	(1,480)
Permissive Motor Vehicle	12,000	11,456	(544)

Failure to properly monitor estimated resources could result in overspending of monies and cause the Township to have negative fund balances. We recommend that the Township monitor its actual receipts throughout the year, enter estimated receipts into the general ledger, and prepare amended official certificates of estimated resources as necessary.

Response: The Trustees and Fiscal Officer recognize the importance of budgetary law and plan to monitor budgetary receipts in the future.

**DUCHOUQUET TOWNSHIP  
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-004**

**Ohio Revised Code, Section 9.38**, provides that any public officer or employee who collects or receives payments due to the public shall deposit all public money received by him with the Fiscal Officer of the taxing district once every twenty four hours. If the amount of daily deposit does not exceed \$1,000 and the receipts can be safeguarded, public office may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made not later than three business days after receiving it.

It was determined that during the audit period receipts were not being deposited within the ORC guidelines. In 2008 and 2007, it was noted that both the Fiscal Officer and the Zoning Administrator were depositing receipts several weeks after they were issued or received. Failure to deposit all receipts in a timely manner could result in misappropriation of funds.

The Trustees should evaluate the funds collected and the current policies in effect and determine if the current policies adequately safeguard the amounts received. The Townships policies should then be communicated to all employees collecting monies on behalf of the Township. Additionally, the Fiscal Officer should ensure that all deposits are made according to the Ohio Revised Code Section mentioned above.

Response: The Township will evaluate its current practices regarding the timing of deposits.



Mary Taylor, CPA  
Auditor of State

**DUCHOUQUET TOWNSHIP**

**AUGLAIZE 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  
SEPTEMBER 10, 2009**