



Mary Taylor, CPA  
Auditor of State



AMANDA TOWNSHIP  
ALLEN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007 .....	5
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance - Fiduciary Fund Type - For the Year Ended December 31, 2007 .....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006 .....	7
Statement of Cash Receipts, Cash Disbursements, and Change in Fund Cash Balance - Fiduciary Fund Type - For the Year Ended December 31, 2006 .....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Findings.....	19
Schedule of Prior Audit Findings.....	21

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Amanda Township  
Allen County  
1190 Mills Road  
Lima, Ohio 45806

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Mary Taylor, CPA**  
Auditor of State

May 30, 2008

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Amanda Township  
Allen County  
1190 Mills Road  
Lima, Ohio 45806

To the Board of Trustees:

We have audited the accompanying financial statements of Amanda Township, Allen County, (the Township), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Amanda Township, Allen County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

May 30, 2008

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$39,154	\$67,360		\$106,514
Licenses, Permits, and Fees	2,684			2,684
Intergovernmental	86,645	109,026		195,671
Earnings on Investments	1,255	2,404		3,659
Miscellaneous	14,256	4,828		19,084
Total Cash Receipts	<u>143,994</u>	<u>183,618</u>		<u>327,612</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	75,440			75,440
Public Safety	9,500	35,238		44,738
Public Works		103,098		103,098
Health	2,900	7,303		10,203
<b>Debt Service:</b>				
Redemption of Principal			\$4,651	4,651
Interest and Other Fiscal Charges			292	292
Total Cash Disbursements	<u>87,840</u>	<u>145,639</u>	<u>4,943</u>	<u>238,422</u>
Total Receipts Over/(Under) Disbursements	56,154	37,979	(4,943)	89,190
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In		600	4,943	5,543
Transfers-Out	(5,543)			(5,543)
Total Other Financing Receipts / (Disbursements)	<u>(5,543)</u>	<u>600</u>	<u>4,943</u>	
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	50,611	38,579		89,190
Fund Cash Balances, January 1	<u>1,748</u>	<u>67,133</u>		<u>68,881</u>
Fund Cash Balances, December 31	<u><u>\$52,359</u></u>	<u><u>\$105,712</u></u>	<u><u>\$0</u></u>	<u><u>\$158,071</u></u>

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

**AMANDA TOWNSHIP  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Fiduciary Fund Types</b>
	<b>Private Purpose Trust</b>
<b>Operating Cash Disbursements:</b>	
Purchased Services	\$90
Other	90
Total Operating Cash Disbursements	180
Operating Income/(Loss)	(180)
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	107
Total Non-Operating Cash Receipts	107
Net Receipts Over/(Under) Disbursements	(73)
Fund Cash Balance, January 1	3,593
Fund Cash Balance, December 31	\$3,520

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

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$35,644	\$49,972		\$85,616
Licenses, Permits, and Fees	2,387	6,098		8,485
Intergovernmental	45,697	107,861		153,558
Earnings on Investments	111	889		1,000
Miscellaneous	4,069	4,168		8,237
Total Cash Receipts	<u>87,908</u>	<u>168,988</u>		<u>256,896</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	66,666			66,666
Public Safety	13,225	25,000		38,225
Public Works		113,183		113,183
Health	2,184	6,825		9,009
Human Services		3,016		3,016
Capital Outlay		6,112		6,112
<b>Debt Service:</b>				
Redemption of Principal			\$6,588	6,588
Interest and Other Fiscal Charges			437	437
Total Cash Disbursements	<u>82,075</u>	<u>154,136</u>	<u>7,025</u>	<u>243,236</u>
Total Receipts Over/(Under) Disbursements	5,833	14,852	(7,025)	13,660
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In			6,367	6,367
Transfers-Out	(6,367)			(6,367)
Total Other Financing Receipts / (Disbursements)	<u>(6,367)</u>		<u>6,367</u>	
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(534)	14,852	(658)	13,660
Fund Cash Balances, January 1	<u>2,282</u>	<u>52,281</u>	<u>658</u>	<u>55,221</u>
Fund Cash Balances, December 31	<u><u>\$1,748</u></u>	<u><u>\$67,133</u></u>	<u><u>\$0</u></u>	<u><u>\$68,881</u></u>

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

**AMANDA TOWNSHIP  
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Fiduciary Fund Type</b>
	<b>Private Purpose Trust</b>
<b>Operating Cash Disbursements:</b>	
Other	\$90
Operating Income/(Loss)	(90)
<b>Non-Operating Cash Receipts:</b>	
Earnings on Investments	107
Total Non-Operating Cash Receipts	107
Net Receipts Over/(Under) Disbursements	17
Fund Cash Balance, January 1	3,576
Fund Cash Balance, December 31	\$3,593

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

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Amanda Township, Allen County, (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with American Township and the Spencerville Invincible Fire Company to provide fire services and American Township and the Spencerville Ambulance Service to provide ambulance services.

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

**B. Accounting Basis**

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

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

**C. Cash and Investments**

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

The Township values certificates of deposit at cost. Star Ohio is recorded at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

**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.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts) 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.

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

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

**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 for fire protection and ambulance services within the Township.

**3. Debt Service Funds**

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

**Debt Service Fund** – This fund receives fund transfers and accounts for the payment of the Dump Truck Loan.

**4. 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 the Maurer Cemetery Bequest.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township has no agency funds.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

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

**F. Property, Plant, and Equipment**

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

**G. 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 CASH AND INVESTMENTS**

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

	<b>2007</b>	<b>2006</b>
Demand deposits	\$65,549	\$69,331
Certificates of deposit	3,143	3,143
Star Ohio	92,899	
Total deposits	\$161,591	\$72,474

**Deposits:** - Deposits are insured by the Federal Depository 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, 2007 and 2006 follows:

<b>2007 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$97,275	\$143,994	\$46,719
Special Revenue	187,770	184,218	(3,552)
Debt Service	4,942	4,943	1
Fiduciary	200	107	(93)
Total	\$290,187	\$333,262	\$43,075

<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	\$99,050	\$93,383	\$5,667
Special Revenue	214,904	145,639	69,265
Debt Service	4,942	4,943	(1)
Fiduciary	400	180	220
Total	\$319,296	\$244,145	\$75,151

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>2006 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$84,762	\$87,908	\$3,146
Special Revenue	165,365	168,988	3,623
Debt Service	7,026	6,367	(659)
Fiduciary	0	107	107
Total	\$257,153	\$263,370	\$6,217

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$88,115	\$88,442	(\$327)
Special Revenue	196,575	154,136	42,439
Debt Service	7,026	7,025	1
Fiduciary	433	90	343
Total	\$292,149	\$249,693	\$42,456

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. DEBT**

Debt outstanding at December 31, 2007 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Dump Truck Loan	\$2,246	5%

The loan was originally issued during 1996 for the purchase of a new dump truck, payable in semi-annual installments with a five year maturity. During 1998, the Township refinanced this note for \$38,676, with a new term of semi-annual payments of \$2,471 and a new maturity date of March 7, 2008.

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

**5. DEBT (Continued)**

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

<b>Year Ending December 31:</b>	<b>Dump Truck Loan</b>
2008	<u><u>\$2,381</u></u>

**6. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9 percent, respectively, of their gross salaries and the Township contributed an amount equaling 13.85 and 13.70 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

**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 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 Entity Excess Pool (APEEP). 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 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.

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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

**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:

	<b>2007</b>	<b>2006</b>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<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 the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$4,987. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

<b>Contributions to OTARMA</b>	
2005	\$6,084
2006	\$5,889
2007	\$5,305

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

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

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

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

Amanda Township  
Allen County  
1190 Mills Road  
Lima, Ohio 45806

To the Board of Trustees:

We have audited the financial statements of Amanda Township, Allen County, (the Township), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 30, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services and Ohio Revised Code Sections 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control over Financial Reporting  
(Continued)**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the Township's management in a separate letter dated May 30, 2008.

**Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 30, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

May 30, 2008

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2007-001**

**Finding for Recovery – Repaid While Under Audit**

**Ohio Rev. Code Section 505.601** states if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

- A) The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium that they incur for insurance policies described in division (A) of section 505.60 of the Revised Code that they otherwise obtain.
- B) That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee.
- C) That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

Attorney General Opinion 2005-038 determined that township officer's and employees could be reimbursed for out-of-pocket premium expenses attributable to an officer/employee that are obtained through a spouse's employer. However, the reimbursement through a spouse's plan is limited to the "out-of-pocket premium that the officer or employee incurs" because the policies described in 505.60(A) do not include family coverage. Therefore, the township should not reimburse for premium costs attributable to the spouse or dependents. There is no authority, statutory or otherwise, for reimbursement of the premium costs attributable to an officer/employee's spouse or dependents.

The Township mistakenly believed that it could reimburse its officers/employees for the out of pocket premium associated with family coverage. As stated above, a township may only reimburse an officer/employee for the premium attributable to that officer/employee. All such warrants for reimbursement for out-of-pocket premiums were signed by the Trustees and the Fiscal Officer.

The Township reimbursed Amanda Township Trustee John Whitling, \$1,500 a year for 2006 and 2007, which was in excess of his actual out-of-pocket premium expenses attributable to him only.

During 2006, John Whitling's allowable out-of-pocket expenses were for the additional expense between a single plan (\$1,037 annually) and a two party plan (\$2,069 annually) through his spouse's CEBCO health care deduction which amounted to \$1,032. Therefore, the Township reimbursement exceeded his allowable out-of-the pocket premium expenses in the amount of \$468.

During 2007, John Whitling's allowable out-of-pocket expenses were for the additional expense between a single plan (\$1,040 annually) and a two party plan (\$2,073 annually) through his spouse's CEBCO health care deduction which amounted to \$1,033. Therefore, the Township reimbursement exceeded his allowable out-of-the pocket premium expenses in the amount of \$467.

**FINDING 2007-001  
(Continued)**

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money illegally expended is hereby issued against John Whitling, Amanda Township Trustee, in the total amount of \$935 in favor of the Amanda Township General Fund.

The 2006 and 2007 expenditures totaling \$935 paid to Trustee John Whitling were approved by Trustees Robert Barnt and Brad Core. The out-of-pocket expense reimbursements for 2006 and 2007 were processed and paid by Fiscal Officer Jennifer Schwartz.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure was made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

A Finding for Recovery is hereby issued against Trustees Robert Barnt and Brad Core and Township Fiscal Officer Jennifer Schwartz, and the Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$935 and in favor of Amanda Township. Trustees Robert Barnt and Brad Core and Fiscal Officer Jennifer Schwartz shall be secondarily liable to the extent that recovery or restitution is not obtained from John Whitling.

**Officials' Response:**

The finding was repaid on July 28, 2008 and deposited in the Township treasury on July 29, 2008.

**AMANDA TOWNSHIP  
ALLEN COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Township fiscal officer salary overpayment	Yes	Repaid
2005-002	In-term Increase in Compensation	Yes	Repaid
2005-003	Ohio Rev. Code Section 5705.36 – Amended Certificate of estimated resources	Partially	Significantly corrected – reported to management of the Township in a separate letter
2005-004	Ohio Rev. Code Section 5705.38(A) Adoption of an Appropriation Measure	Yes	
2005-005	Ohio Rev. Code Section 5705.41(B) Expenditures in Excess of Appropriations	Partially	Significantly corrected – reported to management of the Township in a separate letter
2005-006	Ohio Rev. Code Section 5705.41(D) Prior Certification of disbursements	Partially	Significantly corrected – reported to management of the Township in a separate letter





**Mary Taylor, CPA**  
Auditor of State

**AMANDA TOWNSHIP**

**ALLEN 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  
AUGUST 12, 2008**