

DUCHOUQUET TOWNSHIP

DAYTON REGION, AUGLAIZE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009



Dave Yost • 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, 2009 through December 31, 2010. 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.

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

Dave Yost
Auditor of State

August 15, 2011

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**DUCHOUQUET TOWNSHIP
AUGLAIZE COUNTY**

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Manning & Associates

Certified Public Accountants, LLC

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

INDEPENDENT AUDITORS' REPORT

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, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 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, 2010 and 2009, 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, Ohio, as of December 31, 2010 and 2009, 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 April 30, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

April 30, 2011

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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, 2010**

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$ 44,156	\$ 258,814	\$ 0	\$ 302,970
Licenses, Permits and Fees	2,340	400	0	2,740
Intergovernmental Receipts	59,207	127,460	107,610	294,277
Earnings on Investments	518	55	0	573
Miscellaneous	5,715	0	0	5,715
Total Cash Receipts	<u>111,936</u>	<u>386,729</u>	<u>107,610</u>	<u>606,275</u>
Cash Disbursements:				
Current:				
General Government	117,871	104,782	0	222,653
Public Safety	2,585	0	0	2,585
Public Works	673	263,688	0	264,361
Health	2,345	0	0	2,345
Capital Outlay	4,914	44,523	107,610	157,047
Total Cash Disbursements	<u>128,388</u>	<u>412,993</u>	<u>107,610</u>	<u>648,991</u>
Total Receipts Over/(Under) Disbursements	<u>(16,452)</u>	<u>(26,264)</u>	<u>0</u>	<u>(42,716)</u>
Fund Cash Balances, January 1	<u>69,237</u>	<u>155,339</u>	<u>0</u>	<u>224,576</u>
Fund Cash Balances, December 31	<u>\$ 52,785</u>	<u>\$ 129,075</u>	<u>\$ 0</u>	<u>\$ 181,860</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
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	FIDUCIARY FUND TYPES
	<u>Agency</u>
Cash Receipts:	
Intergovernmental Receipts	\$ <u>1,599,858</u>
Total Cash Receipts	<u>1,599,858</u>
Cash Disbursements:	
Current:	
Capital Outlay	<u>1,599,858</u>
Total Cash Disbursements	<u>1,599,858</u>
Total Receipts Over/(Under) Disbursements	<u>0</u>
Fund Cash Balances, January 1	<u>0</u>
Fund Cash Balances, December 31	<u><u>\$ 0</u></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, 2009**

	GOVERNMENTAL FUND TYPES		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Local Taxes	\$ 47,214	\$ 256,686	\$ 303,900
Licenses, Permits and Fees	2,515	0	2,515
Intergovernmental Receipts	30,994	123,698	154,692
Earnings on Investments	592	284	876
Miscellaneous	484	0	484
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	81,799	380,668	462,467
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	111,258	104,034	215,292
Public Safety	2,819	0	2,819
Public Works	376	217,575	217,951
Health	1,397	0	1,397
Capital Outlay	0	108,315	108,315
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	115,850	429,924	545,774
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(34,051)	(49,256)	(83,307)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	103,288	204,595	307,883
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 69,237	\$ 155,339	\$ 224,576
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2010 AND 2009**

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 Cridersville, 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, 2010 AND 2009**

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.

3. Capital Project Funds:

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Funds:

Issue I – This fund accounts for Issue I money received for a multi-township road improvement project.

4. Fiduciary Fund (Agency Funds):

Trust funds are used to account for resources restricted by legally binding trust agreements. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant fiduciary Agency fund:

Public Works Project – This fund accounts for money received from other Township's and OPWC grant funds for their portion of a multi-township road project overseen by Duchouquet during the audit period.

**DUCHOUQUET TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

Appropriations

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

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 2010 and 2009 budgetary activity appears in Note 3.

E. 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>2010</u>	<u>2009</u>
Demand Deposits	<u>\$181,860</u>	<u>\$224,576</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, 2010 AND 2009

3. BUDGETARY ACTIVITY

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

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 120,000	\$ 111,936	\$ (8,064)
Special Revenue	385,082	386,729	1,647
Capital Projects	107,610	107,610	0
Total	<u>\$ 612,692</u>	<u>\$ 606,275</u>	<u>\$ (6,417)</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 189,238	\$ 128,388	\$ 60,850
Special Revenue	540,420	412,993	127,427
Capital Projects	107,610	107,610	0
Total	<u>\$ 837,268</u>	<u>\$ 648,991</u>	<u>\$ 188,277</u>

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 200,000	\$ 81,799	\$ (118,201)
Special Revenue	386,216	380,668	(5,548)
Total	<u>\$ 586,216</u>	<u>\$ 462,467</u>	<u>\$ (123,749)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 303,288	\$ 115,850	\$ 187,438
Special Revenue	590,810	429,924	160,886
Total	<u>\$ 894,098</u>	<u>\$ 545,774</u>	<u>\$ 348,324</u>

**DUCHOUQUET TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

3. BUDGETARY, (Continued)

Ohio Rev. Code Section 5705.36 requires all subdivision to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. Contrary to Ohio Law, the Township's estimated resources exceeded actual receipts in 2010 in the General, Motor Vehicle License, Gasoline Tax and Permissive Motor Vehicle License funds by \$8,064, \$1,599, \$2,082 and \$260, respectively. In 2009, estimated receipts exceeded actual in the General, Motor Vehicle License, Gasoline Tax and Permissive Motor Vehicle License funds by \$118,201, \$2,120, \$8,154 and \$399, respectively.

4. PROPERTY TAX

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

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

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 2010 and 2009, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equal to 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

**DUCHOUQUET TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$ 38,982,088	\$ 40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Retained Earnings	<u>\$ 26,101,322</u>	<u>\$ 27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

**DUCHOUQUET TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

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

Contributions to OTARMA

2010	\$8,942
2009	\$7,383
2008	\$8,278

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

Manning & Associates
Certified Public Accountants, LLC

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

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

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, 2010 and 2009, and have issued our report thereon dated April 30, 2011, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-002 to be a significant deficiency. *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 charge with governance.

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Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as Findings Number 2010-001 and 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 30, 2011.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

April 30, 2011

**DUCHOUQUET TOWNSHIP
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

Noncompliance Citation

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
2010			
General	\$ 120,000	\$ 111,936	\$ (8,064)
Motor Vehicle License	15,000	13,401	(1,599)
Gasoline Tax	90,000	87,918	(2,082)
Permissive Motor Vehicle	12,000	11,740	(260)
2009			
General	\$ 200,000	\$ 81,799	\$ (118,201)
Motor Vehicle License	15,000	12,880	(2,120)
Gasoline Tax	95,000	86,846	(8,154)
Permissive Motor Vehicle	12,000	11,601	(399)

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.

In addition, budgetary information in the UAN system did not agree with the information filed with the County Auditor in both 2010 and 2009. 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. 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.

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, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-002

Significant Deficiency

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 2010 and 2009, it was noted that both the Fiscal Officer and the Zoning Administrator were depositing receipts up to one month after checks were 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.

**DUCHOUQUET TOWNSHIP
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2008-001	Monthly Bank Reconciliations were not presented to trustees for review and approval.	Yes	
2008-002	Budgetary information reported on the annual report did not match amounts filed with the County Auditor.	Partially	Combined with Finding 2010-001
2008-003	Ohio Rev Code Sec 5705.36 - Estimated receipts exceeded actual in numerous funds.	No	Reissued as Finding Number 2010-001
2008-004	Ohio Rev Code Sec 9.38 - Receipts were not deposited in a timely manner.	No	Reissued as Finding Number 2010-002

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Dave Yost • 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
AUGUST 25, 2011**