



Dave Yost • Auditor of State

AMANDA TOWNSHIP
ALLEN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	3
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2013	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	5
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type - For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Amanda Township
Allen County
1190 Mills Rd
Lima, Ohio 45806

To the Board of Trustees:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

May 30, 2014

**AMANDA TOWNSHIP
ALLEN COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$42,924	\$70,723		\$113,647
Licenses, Permits and Fees	1,948			1,948
Intergovernmental	39,105	112,462	\$102,414	253,981
Earnings on Investments	54	27		81
Miscellaneous	4,748	6,242		10,990
Total Cash Receipts	<u>88,779</u>	<u>189,454</u>	<u>102,414</u>	<u>380,647</u>
Cash Disbursements:				
Current:				
General Government	100,685			100,685
Public Safety		43,400		43,400
Public Works		118,938		118,938
Health		12,763		12,763
Capital Outlay		1,154	102,414	103,568
Total Cash Disbursements	<u>100,685</u>	<u>176,255</u>	<u>102,414</u>	<u>379,354</u>
Excess of Receipts Over (Under) Disbursements	<u>(11,906)</u>	<u>13,199</u>		<u>1,293</u>
Other Financing Receipts (Disbursements):				
Transfers In		3,000		3,000
Transfers Out	(3,000)			(3,000)
Total Other Financing Receipts (Disbursements)	<u>(3,000)</u>	<u>3,000</u>		
Net Change in Fund Cash Balances	(14,906)	16,199		1,293
Fund Cash Balances, January 1	<u>51,475</u>	<u>50,648</u>		<u>102,123</u>
Fund Cash Balances, December 31:				
Restricted		49,874		49,874
Committed		16,973		16,973
Assigned				
Unassigned (Deficit)	36,569			36,569
Fund Cash Balances, December 31	<u>\$36,569</u>	<u>\$66,847</u>	<u>\$0</u>	<u>\$103,416</u>

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

AMANDA TOWNSHIP
ALLEN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
Operating Cash Receipts:	
Earnings on Investments (trust funds only)	\$84
Total Operating Cash Receipts	<u>84</u>
Net Change in Fund Cash Balances	84
Fund Cash Balances, January 1	<u>3,255</u>
Fund Cash Balances, December 31	<u><u>\$3,339</u></u>

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

**AMANDA TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$41,935	\$70,480	\$112,415
Licenses, Permits and Fees	1,844		1,844
Intergovernmental	62,909	102,145	165,054
Earnings on Investments	88	52	140
Miscellaneous	4,219	8,195	12,414
Total Cash Receipts	<u>110,995</u>	<u>180,872</u>	<u>291,867</u>
Cash Disbursements:			
Current:			
General Government	93,630		93,630
Public Safety	946	43,454	44,400
Public Works		122,999	122,999
Health	264	11,214	11,478
Total Cash Disbursements	<u>94,840</u>	<u>177,667</u>	<u>272,507</u>
Net Change in Fund Cash Balances	16,155	3,205	19,360
Fund Cash Balances, January 1	<u>35,320</u>	<u>47,443</u>	<u>82,763</u>
Fund Cash Balances, December 31:			
Restricted		40,495	40,495
Committed		10,153	10,153
Unassigned (Deficit)	51,475		51,475
Fund Cash Balances, December 31	<u>\$51,475</u>	<u>\$50,648</u>	<u>\$102,123</u>

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

AMANDA TOWNSHIP
ALLEN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose</u>
	<u>Trust</u>
Operating Cash Receipts:	
Earnings on Investments (trust funds only)	\$84
Total Operating Cash Receipts	<u>84</u>
Net Change in Fund Cash Balances	84
Fund Cash Balances, January 1	<u>3,171</u>
Fund Cash Balances, December 31	<u><u>\$3,255</u></u>

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

**AMANDA TOWNSHIP
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the 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. Deposits and Investments

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

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, 2013 and 2012.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

**AMANDA TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(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. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. The Township had the following significant capital project fund:

Issue I Fund - The Township received a grant from the State of Ohio to replace a culvert on Any Avenue.

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. 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 approve estimated resources.

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**AMANDA TOWNSHIP
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

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

1. Non-spendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

**AMANDA TOWNSHIP
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2013	2012
Demand deposits	\$68,315	\$66,952
Certificates of deposit	3,100	3,100
Total deposits	71,415	70,052
STAR Ohio	35,340	35,326
Total deposits and investments	\$106,755	\$105,378

Deposits: Deposits are insured by the Federal Depository Insurance Corporation;

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

3. BUDGETARY ACTIVITY

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

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,590	\$88,779	\$17,189
Special Revenue	180,577	192,454	11,877
Capital Projects		102,414	102,414
Private Purpose Trust		84	84
Total	\$252,167	\$383,731	\$131,564

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$123,085	\$103,685	\$19,400
Special Revenue	234,225	176,255	57,970
Capital Projects		102,414	(102,414)
Private Purpose Trust			
Total	\$357,310	\$382,354	(\$25,044)

**AMANDA TOWNSHIP
ALLEN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,002	\$110,995	\$40,993
Special Revenue	183,615	180,872	(2,743)
Private Purpose Trust		84	84
Total	\$253,617	\$291,951	\$38,334

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$105,322	\$94,840	\$10,482
Special Revenue	231,058	177,667	53,391
Private Purpose Trust	71		71
Total	\$336,451	\$272,507	\$63,944

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Issue II fund by \$102,414 for the year ended December 31, 2013.

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

Employees belong to the Ohio Public Employees Retirement System (OPERS). The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

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

**AMANDA TOWNSHIP
ALLEN COUNTY**

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

6. 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

A. 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, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

B. 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, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Position	<u>\$25,416,188</u>	<u>\$25,367,373</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

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.

**AMANDA TOWNSHIP
ALLEN COUNTY**

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

6. RISK MANAGEMENT (Continued)

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
<u>\$6,535</u>	<u>\$6,510</u>

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

C. Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

This page intentionally left blank.



Dave Yost • Auditor of State

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

Amanda Township
Allen County
1190 Mills Rd
Lima, Ohio 45806

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Amanda Township, Allen County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated May 30, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of compliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-002.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

May 30, 2014

**AMANDA TOWNSHIP
ALLEN COUNTY**

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

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

FINDING NUMBER 2013-001

Material Weakness – Classification of Revenues and Expenditures

Guidance to be used for posting financial activity is outlined in the Uniform Accounting Network (UAN) Chart of Accounts. The Township posted transactions to the general ledger except for Issue II revenue and expenditures; but various other transactions were not posted to the correct line item accounts or fund as follows:

- The 2012 beginning fund balance for the General Fund did not agree to the 2011 ending fund balance and an adjustment of \$424 was made to agree the 2012 beginning fund balance to the 2011 ending fund balance.
- 2012 Homestead and Rollback were posted as property tax revenues in the General, Road and Bridge, and Fire District Fund in the amounts of \$6,528; \$5,220; and \$5,687 respectively, rather than as intergovernmental revenue.
- 2013 Homestead and Rollback were posted as property tax revenues in the General, Road and Bridge, and Fire District Fund in the amounts of \$6,760; \$5,361; and \$5,657 respectively, rather than as intergovernmental revenue.
- 2012 private purpose trust fund interest was posted as interest revenue in the General Fund in the amount of \$21, rather as Earning on Investments in the Private Purpose Trust Fund.
- 2013 Issue II Road Grant program receipts and expenditures of \$102,414 made by the State on behalf of the Township were not properly posted to the general ledger as intergovernmental revenues and capital outlay respectively.

The failure to properly post receipts and expenditures could result in the material misstatement of the revenue and expenditure line items for reporting purposes. The accompanying financial statements have been adjusted to correctly present the Township's financial activity for 2013 and 2012.

The Township should utilize the UAN Chart of Accounts and the Township Handbook to provide guidance on the recording of revenue and disbursements to the respective funds. In addition, the Trustees should implement review and monitoring procedures to determine that all revenues and disbursements are recorded in the correct fund and account.

FINDING NUMBER 2013-002

Material Noncompliance – Expenditures exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) prohibits expenditures unless the funds have been properly appropriated. This prohibits expenditures from exceeding appropriations. For the years ended December 31, 2013 and 2012, the following funds had expenditures in excess of appropriations:

<u>Fund</u>	<u>Year</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Issue I Fund	2013		\$102,414	(\$102,414)
Cemetery Fund	2012	\$10,459	11,214	(755)

The Issue I Fund variance is the result of not budgeting on behalf grant expenditures paid directly to the contractor. When the Township benefits from a grant in which payments are made directly to the contractor by the grantor, the Township should amend the appropriations. The Cemetery Fund variance is the result of receiving additional revenue that was not budgeted. When actual revenue exceeds estimated revenue and you wish to expense the money you need to amend your budgeted resources and appropriations to allow for the additional expenditures.

The Township should not expend funds unless there are appropriations available. The Fiscal Officer and Trustees should closely monitor the Township’s budgetary financial reports throughout the year so that budgetary expenditures do not exceed the appropriations at the legal level of control to reduce the possibility of negative fund balances and improper use of restricted funds.

Official’s Response:

We did receive a response from Officials to the findings reported above.



Dave Yost • 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
JULY 22, 2014**