

RUTLAND TOWNSHIP

MEIGS COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2005

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



**Auditor of State
Betty Montgomery**

Board of Trustees
Rutland Township
P.O. Box 326
Rutland, Ohio 45775

We have reviewed the *Report of Independent Accountants* of Rutland Township, Meigs County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 through December 31, 2005. 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.

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. Rutland Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 15, 2006

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RUTLAND TOWNSHIP
MEIGS COUNTY
AUDIT REPORT
For the year ended December 31, 2005

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
Rutland Township, Meigs County
P.O. Box 326
Rutland, Ohio 45775

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rutland Township, Meigs County, Ohio, (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Rutland Township, Meigs County, Ohio, as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the General, the Gasoline Tax, the September Flood and the December Flood funds for the year ended December 31, 2005, in conformity with accounting basis Note 2 describes.

The management's discussion and analysis on pages 3 to 9 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2006 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, 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 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.

Charles E. Harris & Associates, Inc.

August 31, 2006

RUTLAND TOWNSHIP, MEIGS COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

This discussion and analysis of Rutland Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$4,578, or 10.4 percent in 2005, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Cemetery Fund.

The Township's program receipts are primarily intergovernmental grants and entitlements. These receipts represent 73.8 percent of the total cash received for governmental activities. The Township's general receipts are primarily property taxes and these receipts represent 18.4 percent of the total cash received for governmental activities.

The Township unexpectedly received FEMA grants of \$168,274 in 2005 for flood disasters. These monies are included in governmental activities.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not

RUTLAND TOWNSHIP, MEIGS COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we classify the Township activities into one type of activity:

Governmental activities. All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and property and occupancy taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are as follows:

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) are combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, September Flood Fund and December Flood Fund.

RUTLAND TOWNSHIP, MEIGS COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 on the cash basis. Since this is the first period the Township has reported on this method, there are no comparisons to 2004.

(Table 1)

Net Assets

	<u>Governmental Activities</u>
	<u>2005</u>
Assets	
Cash and Cash Equivalents	<u>\$ 48,488</u>
Total Assets	<u><u>\$ 48,488</u></u>
Net Assets	
Restricted for:	
Other Purposes	46,588
Unrestricted	<u>1,900</u>
Total Net Assets	<u><u>\$ 48,488</u></u>

As mentioned previously, net assets of governmental activities increased \$4,578 or 10.4 percent during 2005. The primary reason contributing to the increase in cash balance is the growth in local property tax receipts.

Tables 2 and 3 reflect the changes in net assets in 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data for 2004 has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

RUTLAND TOWNSHIP, MEIGS COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

Table 2
Changes in Net Assets

	Governmental
	Activities
	2005
Receipts	
Program Receipts:	
Charges for Services	\$ 1,288
Operating Grants and Contributions	<u>272,533</u>
Total Program Receipts	<u>273,821</u>
General Receipts:	
Property and Other Local Taxes	68,048
Grants and Entitlements Not Restricted To Specific Programs	25,619
Interest	915
Miscellaneous	<u>1,661</u>
Total General Receipts	<u>96,243</u>
Total Receipts	<u>370,064</u>
Disbursements:	
General Government	56,089
Public Safety	27,980
Health	21,312
Public Works	257,995
Debt Service:	
Principal	2,000
Interest	<u>110</u>
Total Disbursements	<u>365,486</u>
Increase in Net Assets	4,578
Net Assets, January 1, 2005	<u>43,910</u>
Net Assets, December 31, 2005	\$ <u>48,488</u>

Program receipts represent 74 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees, charges for services and FEMA money used for specific Township repairs.

General receipts represent 26 percent of the Township's total receipts, and of this amount, 71 percent are property taxes. Unrestricted grants and entitlements make up the balance of the Township's general receipts at 26 percent. Other receipts are insignificant and somewhat unpredictable revenue sources.

RUTLAND TOWNSHIP, MEIGS COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, management attempts to limit these costs.

Public Safety is the cost of fire protection; Health is the maintenance of the Township's cemetery; and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public works and general government, which account for 71 and 15 percent of all governmental disbursements in 2005. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities	
	Total Cost of Services	Net Cost of Services
	2005	2005
General Government	\$ 56,089	\$ (55,968)
Security of Persons and Property	27,980	(22,054)
Health	21,312	(19,473)
Public Works	257,995	7,940
Capital Outlay	0	0
Debt Service:		
Principal Retirement	2,000	(2,000)
Interest and Fiscal Charges	110	(110)
Total Expenses	<u>\$ 365,486</u>	<u>\$ (91,665)</u>

The dependence upon property taxes is apparent as over 25% percent in 2005 of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$370 thousand and disbursements of \$365 thousand. The greatest change within governmental funds occurred within the Gasoline Tax fund for 2005 due to the transfer of monies from the FEMA September Flood and FEMA December Flood funds. The transfers were to reimburse the Gasoline Tax fund for expenditures made in 2004.

RUTLAND TOWNSHIP, MEIGS COUNTY

Management's Discussion and Analysis

For the Year Ended December 31, 2005

Unaudited

Governmental receipts were greater than disbursements by \$4,578 indicating that the Township, economically, is holding steady.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General Fund, the Gasoline Tax Fund, the September Flood Fund and the December Flood Fund.

During 2005, the Township amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was insignificant.

The Township also amended its Gasoline Tax Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was \$7,414.

Final disbursements for the Gasoline Tax Fund was budgeted at \$106,662, actual disbursements were \$96,048.

The Township also amended the September Flood and the December Flood funds budgets to reflect changing circumstances. The differences between final budgeted receipts and actual receipts were insignificant for both funds.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2005, the Township had no debt. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

Current Issues

Rutland Township does not look for any major changes within our operations during the next few years. We do not foresee any new industries locating within the Township. Our current plan is to update our levies with replacements instead of renewals. To get new homes in our Township we will need a rural water system. Without a new water system our population will remain the same.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Opal Dyer, Fiscal Officer, Rutland Township, P.O. Box 326, Rutland, Ohio 45775.

RUTLAND TOWNSHIP, MEIGS COUNTY

Statement of Net Assets - Cash Basis

December 31, 2005

	<u>Governmental Activities</u>	<u>Total</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 48,488	\$ 48,488
<i>Total Assets</i>	<u>\$ 48,488</u>	<u>\$ 48,488</u>
Net Assets		
Restricted for:		
Other Purposes	46,588	46,588
Unrestricted	<u>1,900</u>	<u>1,900</u>
<i>Total Net Assets</i>	<u>\$ 48,488</u>	<u>\$ 48,488</u>

See accompanying notes to the basic financial statements

RUTLAND TOWNSHIP, MEIGS COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2005*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Total
Governmental Activities					
General Government	\$ 56,089	-	\$ 121	\$ (55,968)	\$ (55,968)
Public Safety	27,980	-	5,926	(22,054)	(22,054)
Public Works	257,995	-	265,935	7,940	7,940
Health	21,312	\$ 1,288	551	(19,473)	(19,473)
Debt Service:					
Principal Retirement	2,000	-	-	(2,000)	(2,000)
Interest and Fiscal Charges	110	-	-	(110)	(110)
<i>Total Governmental Activities</i>	<u>365,486</u>	<u>1,288</u>	<u>272,533</u>	<u>(91,665)</u>	<u>(91,665)</u>
Total	<u>\$ 365,486</u>	<u>\$ 1,288</u>	<u>\$ 272,533</u>	<u>(91,665)</u>	<u>(91,665)</u>
General Receipts					
Property Taxes				\$ 68,048	68,048
Grants and Entitlements not Restricted to Specific Programs				25,619	25,619
Interest				915	915
Miscellaneous				1,661	1,661
<i>Total General Receipts</i>				<u>96,243</u>	<u>96,243</u>
Change in Net Assets				4,578	4,578
<i>Net Assets Beginning of Year</i>				<u>43,910</u>	<u>43,910</u>
<i>Net Assets End of Year</i>				<u>\$ 48,488</u>	<u>\$ 48,488</u>

See accompanying notes to the basic financial statements

RUTLAND TOWNSHIP, MEIGS COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2005

	General	Gasoline Tax	September Flood	December Flood	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,900	\$ 6,974	\$ 833	\$ 2,011	\$ 36,770	\$ 48,488
<i>Total Assets</i>	<u>\$ 1,900</u>	<u>\$ 6,974</u>	<u>\$ 833</u>	<u>\$ 2,011</u>	<u>\$ 36,770</u>	<u>\$ 48,488</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$ 1,900	-	-	-	-	\$ 1,900
Special Revenue Funds	-	\$ 6,974	\$ 833	\$ 2,011	\$ 36,770	46,588
<i>Total Fund Balances</i>	<u>\$ 1,900</u>	<u>\$ 6,974</u>	<u>\$ 833</u>	<u>\$ 2,011</u>	<u>\$ 36,770</u>	<u>\$ 48,488</u>

See accompanying notes to the basic financial statements

RUTLAND TOWNSHIP, MEIGS COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Gasoline Tax	September Flood	December Flood	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 8,745	\$ -	\$ -	\$ -	\$ 59,303	\$ 68,048
Intergovernmental	21,490	77,233	114,220	54,054	30,485	297,482
Interest	209	125	-	-	581	915
Miscellaneous	844	470	-	-	2,305	3,619
<i>Total Receipts</i>	<u>31,288</u>	<u>77,828</u>	<u>114,220</u>	<u>54,054</u>	<u>92,674</u>	<u>370,064</u>
Disbursements						
Current:						
General Government	30,437	5,738	1,389	68	18,458	56,090
Public Safety	-	-	-	-	27,980	27,980
Public Works	-	88,200	88,279	39,643	41,872	257,994
Health	-	-	-	-	21,312	21,312
Debt Service:						
Principal Retirement	-	2,000	-	-	-	2,000
Interest and Fiscal Charges	-	110	-	-	-	110
<i>Total Disbursements</i>	<u>30,437</u>	<u>96,048</u>	<u>89,668</u>	<u>39,711</u>	<u>109,622</u>	<u>365,486</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	851	(18,220)	24,552	14,343	(16,948)	4,578
Other Financing Sources (Uses)						
Transfer -in	-	24,509	-	-	11,542	36,051
Transfer - out	-	-	(23,719)	(12,332)	-	(36,051)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>24,509</u>	<u>(23,719)</u>	<u>(12,332)</u>	<u>11,542</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	851	6,289	833	2,011	(5,406)	4,578
<i>Fund Balances Beginning of Year</i>	<u>1,049</u>	<u>685</u>	<u>-</u>	<u>-</u>	<u>42,176</u>	<u>43,910</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,900</u>	<u>\$ 6,974</u>	<u>\$ 833</u>	<u>\$ 2,011</u>	<u>\$ 36,770</u>	<u>\$ 48,488</u>

See accompanying notes to the basic financial statements

RUTLAND TOWNSHIP, MEIGS COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 General Fund
 For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 7,798	\$ 8,189	\$ 8,745	\$ 556
Intergovernmental	16,622	21,437	21,490	53
Interest	103	40	209	169
Miscellaneous	2,982	572	844	272
<i>Total receipts</i>	<u>27,505</u>	<u>30,238</u>	<u>31,288</u>	<u>1,050</u>
Disbursements				
Current:				
General Government	30,393	31,287	30,437	850
<i>Total Disbursements</i>	<u>30,393</u>	<u>31,287</u>	<u>30,437</u>	<u>850</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,888)	(1,049)	851	1,900
Other Financing Sources (Uses)				
Other Financing Sources	2,888	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>2,888</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	-	(1,049)	851	1,900
<i>Fund Balance Beginning of Year</i>	<u>1,049</u>	<u>1,049</u>	<u>1,049</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,049</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ 1,900</u>

See accompanying notes to the basic financial statements

RUTLAND TOWNSHIP, MEIGS COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 61,800	\$ 68,793	\$ 77,233	8,440
Interest	88	46	125	79
Miscellaneous	10,419	1,575	470	(1,105)
<i>Total receipts</i>	<u>72,307</u>	<u>70,414</u>	<u>77,828</u>	<u>7,414</u>
Disbursements				
Current:				
General Government	-	5,738	5,738	-
Public Works	70,173	98,791	88,200	10,591
Debt Service:				
Principal Retirement	2,000	2,000	2,000	-
Interest and Fiscal Charges	133	133	110	23
<i>Total Disbursements</i>	<u>72,306</u>	<u>106,662</u>	<u>96,048</u>	<u>10,614</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	1	(36,248)	(18,220)	18,028
Other Financing Sources (Uses)				
Transfer -in	-	24,509	24,509	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>24,509</u>	<u>24,509</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	1	(11,739)	6,289	18,028
<i>Fund Balance Beginning of Year</i>	<u>685</u>	<u>685</u>	<u>685</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 686</u>	<u>\$ (11,054)</u>	<u>\$ 6,974</u>	<u>\$ 18,028</u>

See accompanying notes to the basic financial statements

RUTLAND TOWNSHIP, MEIGS COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
September Flood Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 150,979	\$ 114,220	\$ 114,220	-
<i>Total receipts</i>	<u>150,979</u>	<u>114,220</u>	<u>114,220</u>	<u>-</u>
Disbursements				
Current:				
General Government	2,941	1,389	1,389	-
Public Works	<u>123,319</u>	<u>88,279</u>	<u>88,279</u>	<u>-</u>
<i>Total Disbursements</i>	<u>126,260</u>	<u>89,668</u>	<u>89,668</u>	<u>-</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	24,719	24,552	24,552	-
Other Financing Sources (Uses)				
Transfer - out	<u>(23,719)</u>	<u>(23,719)</u>	<u>(23,719)</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(23,719)</u>	<u>(23,719)</u>	<u>(23,719)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	1,000	833	833	-
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,000</u>	<u>\$ 833</u>	<u>\$ 833</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

RUTLAND TOWNSHIP, MEIGS COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
December Flood Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 52,000	\$ 52,000	\$ 54,054	2,054
<i>Total receipts</i>	<u>52,000</u>	<u>52,000</u>	<u>54,054</u>	<u>2,054</u>
Disbursements				
Current:				
General Government	953	2,079	68	2,011
Public Works	<u>11,493</u>	<u>39,643</u>	<u>39,643</u>	<u>-</u>
<i>Total Disbursements</i>	<u>12,446</u>	<u>41,722</u>	<u>39,711</u>	<u>2,011</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	39,554	10,278	14,343	4,065
Other Financing Sources (Uses)				
Transfers - out	<u>(12,332)</u>	<u>(12,332)</u>	<u>(12,332)</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(12,332)</u>	<u>(12,332)</u>	<u>(12,332)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	27,222	(2,054)	2,011	4,065
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 27,222</u>	<u>\$ (2,054)</u>	<u>\$ 2,011</u>	<u>\$ 4,065</u>

See accompanying notes to the basic financial statements

Rutland Township, Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

Rutland Township, Meigs County, Ohio (the Township), is a body politic and corporate established prior to 1932 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Clerk.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Rutland Volunteer Fire Department Incorporated for fire protection. Police protection is provided by the Meigs County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are included into one category, governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General, the Gasoline Tax, the September Flood and the December Flood funds. The gas fund is used to provide aggregate for roads as well as other financial resources for the township. The September Flood and December Flood funds are used to repair roads from major flood events that occurred in the township

Note 2 – Summary of Significant Accounting Policies (continued)

in 2004 and 2005. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriation resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Rutland Township, Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2005

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005, the Township had only demand deposits and had no investments.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$209.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has no restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’ cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, September Flood Fund and December Flood Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no encumbrances at year-end.

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Rutland Township, Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005, all the Township's \$60,815 were covered by federal depository insurance.

The Township had no investments at December 31, 2005.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$5.00 per \$1,000 of assessed value (45.000 mills). The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are \$17,568,350.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005, the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members.

Rutland Township, Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2005

OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	2,000,000	Per Occurrence
Law Enforcement Operations	0	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Property	250,000	Total Coverage
Boiler and Machinery	0	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$8,772, \$8,882, and \$7,651 respectively. The full amount has been contributed for 2005, 2004 and 2003.

Rutland Township, Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$2,193. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 10 - Notes Payable

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
Governmental Activities	6.25%	\$ 2,000	\$ -0-	\$ 2,000	\$ -0-
2005 Notes		\$ 2,000	\$ -0-	\$ 2,000	\$ -0-

Rutland Township, Meigs County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 11 - Transfers

The Township transferred funds from the September Flood fund to the Special Revenue funds that paid for goods and services in 2004, before the Township received the FEMA funds. The transfers met all ORC and grant requirements.

Note 12 – Contingent Liabilities/Subsequent Events

Management believes there are no pending claims or lawsuits.

Note 13 – Budgetary Non-Compliance

Contrary to **Ohio Rev. Code Section 5705.39**, the Village had appropriations which exceeded available estimated resources.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Rutland Township
Meigs County
P.O. Box 326
Rutland, Ohio 45775

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rutland Township, Meigs County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 31, 2006, wherein we noted that the Township uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management on the Township in a separate letter dated August 31, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2005-RTMC-001.

This report is intended solely for the information and use of the audit committee, management and the Township Board and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris and Associates, Inc.

August 31, 2006

**RUTLAND TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

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

FINDING NUMBER 2005-RTMC-001

Noncompliance Citation

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the Township obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During the year-end December 31, 2005, total appropriations exceeded total estimated resources at year-end as follows:

Fund	Estimated Resources	Appropriations	Variance
Special Revenue funds:			
Gasoline Tax Fund	\$ 95,608	\$ 106,662	\$ (11,054)
December Flood	52,000	54,054	(2,054)

Township Trustees should monitor appropriations versus estimated resources to help avoid overspending.

The Township will monitor appropriations versus estimated resources to avoid overspending.

RUTLAND TOWNSHIP
MEIGS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2004-RTMC-001	Contrary to Ohio Rev. Code Section 5705.39, the Township had appropriations over estimated resources.	No	Repeated as Finding 2005-RTMC-001



**Auditor of State
Betty Montgomery**

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RUTLAND TOWNSHIP

MEIGS 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
NOVEMBER 30, 2006**