



Mary Taylor, CPA  
Auditor of State



**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**DECEMBER 31, 2006  
DECEMBER 31, 2005**

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GOSHEN TOWNSHIP  
HARDIN COUNTY

DECEMBER 31, 2006  
DECEMBER 31, 2005

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Goshen Township  
Hardin County  
9264 TR 225  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goshen Township, Hardin County, (the Township), as of and for the years ended December 31, 2006 and 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 opinions on these financial statements based on our audit.

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

The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As 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 financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Goshen Township, Hardin County, as of December 31, 2006 and December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Motor Vehicle License Tax Fund, the Gasoline Tax Fund, and the Road and Bridge Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis 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, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

November 30, 2007

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED**

This discussion and analysis of Goshen Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, 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 2006 are as follows:

- Net Assets of governmental activities increased \$36,800 mainly from an increase of \$45,063 in the Gasoline Tax Fund. However, the general fund cash balance decreased \$14,766 and had a total deficit balance of \$10,634 at December 31, 2006. Management of the Township has contacted the Hardin County Prosecutors Office to begin procedures to request a court order to transfer the balance of the Road and Bridge Fund to the general fund.
- Work on Township Road 245 was completed.
- We held our second annual spring clean up day.

**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 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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 non financial 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 and income taxes.

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

**Reporting the Government'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 reported in one category: governmental.

**Governmental Funds** - 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) is combined and presented in total in a single column.

The Township's major governmental funds are the General Fund, Motor Vehicle License Fund, Gasoline Tax Fund and the Road and Bridge Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**The Government as a Whole**

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

**(Table 1)**  
**Net Assets**

|                            | <b>Governmental Activities</b> |                  |
|----------------------------|--------------------------------|------------------|
|                            | <b>2006</b>                    | <b>2005</b>      |
| <b>Assets</b>              |                                |                  |
| Cash and Cash Equivalents: | \$224,450                      | \$187,650        |
| Total Assets               | <u>\$224,450</u>               | <u>\$187,650</u> |
| <b>Net Assets</b>          |                                |                  |
| <b>Restricted for:</b>     |                                |                  |
| Permanent Fund             | \$1,073                        | \$1,030          |
| Other Purposes             | 234,011                        | 182,488          |
| Unrestricted               | <u>(10,634)</u>                | <u>4,132</u>     |
| Total Net Assets           | <u>\$224,450</u>               | <u>\$187,650</u> |

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities:

**(Table 2)**  
**Changes in Net Assets**

|   | <b>Governmental Activities</b> |                  |
|---|--------------------------------|------------------|
|   | <b>2006</b>                    | <b>2005</b>      |
| <b>Receipts:</b>  |                                |                  |
| <b>Program Receipts:</b>                                    |                                |                  |
| Charges for Services  | \$711                          | \$494            |
| Operating Grants and Contributions                          | 98,140                         | 91,189           |
| Capital Grants and Contributions                            | 3,990                          | 187,374          |
| Total Program Receipts                                      | <u>102,841</u>                 | <u>279,057</u>   |
| <b>General Receipts:</b>                                    |                                |                  |
| Property and Other Local Taxes                              | 21,269                         | 22,180           |
| Grants and Entitlements Not Restricted to Specific Programs | 21,298                         | 27,144           |
| Interest  | 6,100                          | 3,584            |
| Miscellaneous   | 300                            |                  |
| Total General Receipts                                      | <u>48,967</u>                  | <u>52,908</u>    |
| Total Receipts  | <u>151,808</u>                 | <u>331,965</u>   |
| <b>Disbursements:</b>                                       |                                |                  |
| General Government  | 43,623                         | 44,456           |
| Public Safety   | 28,613                         | 5,775            |
| Public Works  | 27,762                         | 102,305          |
| Health  | 10,053                         | 13,806           |
| Conservation/Recreation                                     | 967                            | 1,008            |
| Capital Outlay  | 3,990                          | 187,374          |
| Total Disbursements   | <u>115,008</u>                 | <u>354,724</u>   |
| Excess (Deficiency)   | 36,800                         | (22,759)         |
| Net Assets, January 1, 2006                                 | 187,650                        | 210,409          |
| Net Assets, December 31, 2006                               | <u>\$224,450</u>               | <u>\$187,650</u> |

In 2006, program receipts represent 68 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money. General receipts represent 32 percent of the Township's total receipts. Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Governmental Activities**

If you look at the Statement of Activities on page 8, 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. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)  
Governmental Activities**

|                         | <b>Total Cost<br/>of Services<br/>2006</b> | <b>Net Cost<br/>of Services<br/>2006</b> | <b>Total Cost<br/>of Services<br/>2005</b> | <b>Net Cost<br/>of Services<br/>2005</b> |
|-------------------------|--|--|--|--|
| General Government      | \$43,623                                   | \$43,623                                 | \$44,456                                   | \$44,456                                 |
| Public Safety           | 28,613                                     | 28,613                                   | 5,775                                      | 5,775                                    |
| Public Works            | 27,762                                     | (70,001)                                 | 102,305                                    | 11,709                                   |
| Health                  | 10,053                                     | 8,965                                    | 13,806                                     | 12,719                                   |
| Conservation/Recreation | 967  | 967                                      | 1,008                                      | 1,008                                    |
| Capital Outlay          | 3,990                                      |  | 187,374                                    |  |
| Total Expenses          | <u>\$115,008</u>                           | <u>\$12,167</u>                          | <u>\$354,724</u>                           | <u>\$75,667</u>                          |

**The Government's Funds**

Total governmental funds had receipts of \$151,808 and disbursements of \$115,008.

**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 fund is the General Fund. No budgetary modifications occurred during the year.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

Goshen Township has no outstanding debts.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

**Contacting the Government'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 Shirley L. Barrett, 9264 Township Road 225, Kenton, OH 43326, Goshen Township, Hardin County, Ohio.

GOSHEN TOWNSHIP  
HARDIN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2006

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>Assets</b>                              |                                    |
| Equity in Pooled Cash and Cash Equivalents | \$224,450                          |
| Total Assets                               | <u>\$224,450</u>                   |
| <b>Net Assets</b>                          |                                    |
| <b>Restricted for:</b>                     |                                    |
| Permanent Fund - Cemetery Bequest          | 1,073                              |
| Other Purposes                             | 234,011                            |
| Unrestricted                               | <u>(10,634)</u>                    |
| <b>Total Net Assets</b>                    | <u>\$224,450</u>                   |

*See accompanying notes to the basic financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|                                      | <u>Program Cash Receipts</u>  |                                 |   | <b>Net<br/>(Disbursements)<br/>Receipts and<br/>Changes in<br/>Net Assets</b> |                                    |
|--------------------------------------|-------------------------------|---------------------------------|---|---|------------------------------------|
|                                      | <u>Cash<br/>Disbursements</u> | <u>Charges for<br/>Services</u> | <u>Operating Grants<br/>Contributions</u> | <u>Capital Grants<br/>Contributions</u>                                       | <u>Governmental<br/>Activities</u> |
| <b>Governmental Activities</b>       |                               |                                 |   |   |                                    |
| General Government                   | \$43,623                      |                                 |   |   | (\$43,623)                         |
| Public Safety                        | 28,613                        |                                 |   |   | (28,613)                           |
| Public Works                         | 27,762                        | \$711                           | \$97,052                                  |   | 70,001                             |
| Health                               | 10,053                        |                                 | 1,088                                     |   | (8,965)                            |
| Conservation/Recreation              | 967                           |                                 |   |   | (967)                              |
| Capital Outlay                       | 3,990                         |                                 |   | \$3,990   |                                    |
| <b>Total Governmental Activities</b> | <u>\$115,008</u>              | <u>\$711</u>                    | <u>\$98,140</u>                           | <u>\$3,990</u>  | (12,167)                           |
|                                      |                               | <b>General Receipts:</b>        |   |   |                                    |
|                                      |                               |                                 |   |   | 21,269                             |
|                                      |                               |                                 |   |   | 21,298                             |
|                                      |                               |                                 |   |   | 6,100                              |
|                                      |                               |                                 |   |   | <u>300</u>                         |
|                                      |                               |                                 |   |   | 48,967                             |
|                                      |                               |                                 |   |   | 36,800                             |
|                                      |                               |                                 |   |   | <u>187,650</u>                     |
|                                      |                               |                                 |   |   | <u><u>\$224,450</u></u>            |

See accompanying notes to the financial statements.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|                            | <u>General</u>    | <u>Motor<br/>Vehicle<br/>License</u> | <u>Gasoline<br/>Tax</u> | <u>Road and<br/>Bridge</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|----------------------------|-------------------|--------------------------------------|-------------------------|----------------------------|---|---|
| <b>Assets</b>              |                   |                                      |                         |                            |   |   |
| Cash                       | (\$10,634)        | \$42,582                             | \$151,009               | \$35,974                   | \$5,519                                 | \$224,450                               |
| <b>Total Assets</b>        | <u>(10,634)</u>   | <u>42,582</u>                        | <u>151,009</u>          | <u>35,974</u>              | <u>5,519</u>                            | <u>224,450</u>                          |
| <b>Fund Balances</b>       |                   |                                      |                         |                            |   |   |
| <b>Reserved:</b>           |                   |                                      |                         |                            |   |   |
| Reserved for Encumbrances  | 137               |                                      | 139                     |                            |   | 276                                     |
| <b>Unreserved:</b>         |                   |                                      |                         |                            |   |   |
| General Fund               | (10,771)          |                                      |                         |                            |   | (10,771)                                |
| Special Revenue Funds      |                   | 42,582                               | 150,870                 | 35,974                     | 4,446                                   | 233,872                                 |
| Permanent Fund             |                   |                                      |                         |                            | 1,073                                   | 1,073                                   |
| <b>Total Fund Balances</b> | <u>(\$10,634)</u> | <u>\$42,582</u>                      | <u>\$151,009</u>        | <u>\$35,974</u>            | <u>\$5,519</u>                          | <u>\$224,450</u>                        |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

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

|   | <b>Governmental Funds</b> |  |                         |                            |   | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|---------------------------|--|-------------------------|----------------------------|---|---|
|   | <b>General</b>            | <b>Motor<br/>Vehicle<br/>License Tax</b> | <b>Gasoline<br/>Tax</b> | <b>Road and<br/>Bridge</b> | <b>Other<br/>Governmental<br/>Funds</b> |   |
| <b>Cash Receipts:</b>                         |                           |  |                         |                            |   |   |
| Property and Other Local Taxes                | \$7,263                   |  |                         | \$3,870                    | \$10,136                                | \$21,269                                |
| Licenses, Permits, and Fees                   | 711                       |  |                         |                            |   | 711                                     |
| Intergovernmental                             | 21,554                    | \$10,749                                 | \$85,546                | 458                        | 5,121                                   | 123,428                                 |
| Earnings on Investments                       | 1,511                     | 1,350                                    | 3,196                   |                            | 43                                      | 6,100                                   |
| Miscellaneous                                 | 300                       |  |                         |                            |   | 300                                     |
| Total Cash Receipts                           | <u>31,339</u>             | <u>12,099</u>                            | <u>88,742</u>           | <u>4,328</u>               | <u>15,300</u>                           | <u>151,808</u>                          |
| <b>Cash Disbursements:</b>                    |                           |  |                         |                            |   |   |
| Current:                                      |                           |  |                         |                            |   |   |
| General Government                            | 24,466                    |  | 19,157                  |                            |   | 43,623                                  |
| Public Safety                                 | 18,613                    | 10,000                                   |                         |                            |   | 28,613                                  |
| Public Works                                  |                           | 3,139                                    | 24,522                  | 101                        |   | 27,762                                  |
| Health  | 3,026                     |  |                         |                            | 7,027                                   | 10,053                                  |
| Conservation - Recreation                     |                           |  |                         |                            | 967                                     | 967                                     |
| Capital Outlay                                |                           |  |                         |                            | 3,990                                   | 3,990                                   |
| Total Cash Disbursements                      | <u>46,105</u>             | <u>13,139</u>                            | <u>43,679</u>           | <u>101</u>                 | <u>11,984</u>                           | <u>115,008</u>                          |
| Total Receipts Over/<br>(Under) Disbursements | (14,766)                  | (1,040)                                  | 45,063                  | 4,227                      | 3,316                                   | 36,800                                  |
| Fund Balances, January 1                      | <u>4,132</u>              | <u>43,622</u>                            | <u>105,946</u>          | <u>31,747</u>              | <u>2,203</u>                            | <u>187,650</u>                          |
| <b>Fund Balances, December 31</b>             | <u><u>(\$10,634)</u></u>  | <u><u>\$42,582</u></u>                   | <u><u>\$151,009</u></u> | <u><u>\$35,974</u></u>     | <u><u>\$5,519</u></u>                   | <u><u>\$224,450</u></u>                 |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   | <u>Budgeted Amounts</u>  |                          | <u>Actual</u>            | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|--------------------------|--------------------------|--------------------------|---|
|   | <u>Original</u>          | <u>Final</u>             |                          |   |
| <b>Receipts:</b>                          |                          |                          |                          |   |
| Taxes                                     | \$7,133                  | \$7,133                  | \$7,263                  | \$130   |
| Licenses, Permits, and Fees               | 500                      | 500                      | 711                      | 211   |
| Intergovernmental                         | 17,865                   | 17,865                   | 21,554                   | 3,689   |
| Earnings on investments                   | 1,500                    | 1,500                    | 1,511                    | 11  |
| Miscellaneous                             |                          |                          | 300                      | 300   |
| Total receipts                            | <u>26,998</u>            | <u>26,998</u>            | <u>31,339</u>            | <u>4,341</u>  |
| <b>Disbursements:</b>                     |                          |                          |                          |   |
| Current:                                  |                          |                          |                          |   |
| General Government                        | 27,350                   | 27,350                   | 24,603                   | 2,747   |
| Public Safety                             | 20,775                   | 20,775                   | 18,613                   | 2,162   |
| Health                                    | 2,800                    | 2,800                    | 3,026                    | (226)   |
| Total disbursements                       | <u>50,925</u>            | <u>50,925</u>            | <u>46,242</u>            | <u>4,683</u>  |
| Total Receipts Over/(Under) Disbursements | (23,927)                 | (23,927)                 | (14,903)                 | 9,024   |
| Fund Balances, January 1                  | <u>4,132</u>             | <u>4,132</u>             | <u>4,132</u>             |   |
| <b>Fund Balances, December 31</b>         | <u><u>(\$19,795)</u></u> | <u><u>(\$19,795)</u></u> | <u><u>(\$10,771)</u></u> | <u><u>\$9,024</u></u>   |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
MOTOR VEHICLE LICENSE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   | <u>Budgeted Amounts</u> |                       | <u>Actual</u>          | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-----------------------|------------------------|---|
|   | <u>Original</u>         | <u>Final</u>          |                        |   |
| <b>Receipts:</b>                          |                         |                       |                        |   |
| Intergovernmental                         | \$12,500                | \$12,500              | \$10,749               | (\$1,751)   |
| Earnings on investments                   | 1,500                   | 1,500                 | 1,350                  | (150)   |
| Total receipts                            | <u>14,000</u>           | <u>14,000</u>         | <u>12,099</u>          | <u>(1,901)</u>  |
| <b>Disbursements:</b>                     |                         |                       |                        |   |
| <b>Current:</b>                           |                         |                       |                        |   |
| Public Safety                             | 16,000                  | 16,000                | 10,000                 | 6,000   |
| Public Works                              | 40,000                  | 40,000                | 3,139                  | 36,861  |
| Total disbursements                       | <u>56,000</u>           | <u>56,000</u>         | <u>13,139</u>          | <u>42,861</u>   |
| Total Receipts Over/(Under) Disbursements | (42,000)                | (42,000)              | (1,040)                | 40,960  |
| Fund Balances, January 1                  | <u>43,622</u>           | <u>43,622</u>         | <u>43,622</u>          |   |
| <b>Fund Balances, December 31</b>         | <u><u>\$1,622</u></u>   | <u><u>\$1,622</u></u> | <u><u>\$42,582</u></u> | <u><u>\$40,960</u></u>  |

*See accompanying notes to the financial statements.*



**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   | <u>Budgeted Amounts</u> |                        | <u>Actual</u>           | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|------------------------|-------------------------|---|
|   | <u>Original</u>         | <u>Final</u>           |                         |   |
| <b>Receipts:</b>                          |                         |                        |                         |   |
| Intergovernmental                         | \$75,000                | \$75,000               | \$85,546                | \$10,546  |
| Earnings on investments                   | 2,000                   | 2,000                  | 3,196                   | 1,196   |
| Total receipts                            | <u>77,000</u>           | <u>77,000</u>          | <u>88,742</u>           | <u>11,742</u>   |
| <b>Disbursements:</b>                     |                         |                        |                         |   |
| <b>Current:</b>                           |                         |                        |                         |   |
| General Government                        | 29,300                  | 29,300                 | 19,296                  | 10,004  |
| Public Works                              | 130,325                 | 130,325                | 24,522                  | 105,803   |
| Total disbursements                       | <u>159,625</u>          | <u>159,625</u>         | <u>43,818</u>           | <u>115,807</u>  |
| Total Receipts Over/(Under) Disbursements | (82,625)                | (82,625)               | 44,924                  | 127,549   |
| Fund Balances, January 1                  | <u>105,946</u>          | <u>105,946</u>         | <u>105,946</u>          | <u>                    </u>                                       |
| <b>Fund Balances, December 31</b>         | <u><u>\$23,321</u></u>  | <u><u>\$23,321</u></u> | <u><u>\$150,870</u></u> | <u><u>\$127,549</u></u>   |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   | <u>Budgeted Amounts</u> |                       | <u>Actual</u>          | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-----------------------|------------------------|---|
|   | <u>Original</u>         | <u>Final</u>          |                        |   |
| <b>Receipts:</b>                          |                         |                       |                        |   |
| Taxes                                     | \$3,700                 | \$3,700               | \$3,870                | \$170   |
| Earnings on investments                   | 300                     | 300                   | 458                    | 158   |
| Total receipts                            | <u>4,000</u>            | <u>4,000</u>          | <u>4,328</u>           | <u>328</u>  |
| <b>Disbursements:</b>                     |                         |                       |                        |   |
| <b>Current:</b>                           |                         |                       |                        |   |
| Public Works                              | 33,400                  | 33,400                | 101                    | 33,299  |
| Total Receipts Over/(Under) Disbursements | <u>(29,400)</u>         | <u>(29,400)</u>       | <u>4,227</u>           | <u>33,627</u>   |
| Fund Balances, January 1                  | <u>31,747</u>           | <u>31,747</u>         | <u>31,747</u>          |   |
| <b>Fund Balances, December 31</b>         | <u><u>\$2,347</u></u>   | <u><u>\$2,347</u></u> | <u><u>\$35,974</u></u> | <u><u>\$33,627</u></u>  |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**1. REPORTING ENTITY**

Goshen Township, Hardin County, (the "Township"), is a body corporate and politic established 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 Fiscal Officer.

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 and maintenance of Township roads and bridges. The Township contracts with Jackson-Forest Fire Department and Marseilles Fire Department to provide fire and ambulance services.

The residents of the Township support the Grove Cemetery Association and the Veterans' Memorial Park District through tax levies. This relationship is further described in Note 6.

A member of the Township's Board of Trustees is appointed to the boards of Buck-Kenton-Pleasant (BKP) Ambulance District, the Hardin County Regional Planning Commission, and Grove Cemetery Association.

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

**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. Following are the more significant of the Township's accounting policies.

**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.

**1. 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The statement of net assets presents the cash balances 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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

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.

**2. 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. Non-major 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 categorized in the governmental fund type.

**1. 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 Fund, the Motor Vehicle License Tax Fund, the Gasoline Tax Fund, and the Road and Bridge Fund. 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 Motor Vehicle License Tax Fund is used to accumulate license fees which are used to maintain roads. The Gasoline Tax Fund is used to accumulate gasoline tax revenues which are used to maintain roads. The Road and Bridge Fund is used to accumulate a portion of the Township's inside tax millage allocated by the Hardin County Commissioners. These monies are used to maintain roads and bridges.

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. 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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

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 are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 appropriations 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 Fiscal Officer. 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations 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.

**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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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, respectively.

During 2006, the Township invested in nonnegotiable certificates of deposit and a repurchase agreement. The nonnegotiable certificates of deposit are reported at cost. The Township's repurchase agreement investment is recorded at the amount reported on December 31, 2006.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements. Interest receipts credited to the General Fund during 2006 were \$1,511 which includes \$1,214 assigned from other Township funds.

**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.

**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. 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.

**J. 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.

**K. 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. Fund balance reserves have been established for encumbrances.

**L. 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. The Township did not have this type of activity during the audit period.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

As of December 31, 2006, the General Fund had a deficit fund balance of \$10,634 due to audit adjustments. The Township has contacted the Hardin County Prosecutor's office to begin procedures to request a court order to transfer the balance of the Road and Bridge Fund to the General Fund.

**B. Compliance**

In violation of Ohio Rev. Code Section 5705.10, the Township recorded Issue II grant receipts and disbursements in the General Fund as well as homestead and rollback receipts derived from non-General Fund levies.

**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 Change in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, and the Road and Bridge Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances treated as disbursements (budget basis) rather than as a reservation of fund balance. The encumbrances outstanding at year end amounted to \$137 for the General Fund and \$139 for the Gasoline Tax Fund.

**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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

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).

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.

**A. Deposits**

Custodial credit risk 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. As of December 31, 2006, the carrying value of deposits was \$188,000 and \$89,578 of the Township's bank balance of \$189,578 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.



**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

As of December 31, 2006, the Township had the following investment and maturity:

| <b>Investment Type</b> | <b>Fair Value</b> | <b>Maturity 6 Months<br/>or Less</b> |
|------------------------|-------------------|--------------------------------------|
| Repurchase Agreement   | \$36,450          | \$36,450                             |

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, limits investment portfolio maturities to five years or less.

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the Township's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Township.

**Concentration of Credit Risk:** The Township places no limit on the amount that may be invested in any one issuer. The repurchase agreement represented 100 percent of the investment type held by the Township at December 31, 2006.

**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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, 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 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. 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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**6. PROPERTY TAXES (Continued)**

The full tax rate for all Township operations for the year ended December 31, 2006, was \$2.2 mills per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

|                                   | <b>2006</b>         |
|-----------------------------------|---------------------|
| <b>Real Property</b>              |                     |
| Residential                       | \$5,297,860         |
| Agricultural                      | 4,835,520           |
| Commercial/Industrial/Mineral     | 127,970             |
| <b>Tangible Personal Property</b> |                     |
| Business                          | 67,976              |
| Public Utility                    | 399,560             |
| Total Assessed Value              | <u>\$10,728,886</u> |

The residents of the Township support Grove Cemetery Association (the "Cemetery") and the Veterans' Memorial Park District (the "Park") through tax levies. The levy for the Cemetery is voted millage and the levy for the park is unvoted millage. During 2006, the Cemetery received \$9,153 and the Park received \$964 in tax revenue from the residents of the Township, of which the Cemetery receipts are received and distributed through the Township, but the Park receipts are paid directly by the County Auditor.

**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**A. Casualty Coverage**

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

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

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**B. Property Coverage**

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

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

**C. 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, 2006 and 2005:

| <b>Casualty Coverage</b> | <b>2006</b>  | <b>2005</b>  |
|--------------------------|--------------|--------------|
| Assets                   | \$32,031,312 | \$30,485,638 |
| Liabilities              | (11,443,952) | (12,344,576) |
| Retained earnings        | \$20,587,360 | \$18,141,062 |
|                          |              |              |
| <b>Property Coverage</b> | <b>2006</b>  | <b>2005</b>  |
| Assets                   | \$10,010,963 | \$9,177,796  |
| Liabilities              | (676,709)    | (1,406,031)  |
| Retained earnings        | \$ 9,334,254 | \$7,771,765  |

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively.

These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$3,838. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Contributions to OTARMA**

|      |         |
|------|---------|
| 2004 | \$1,922 |
| 2005 | \$2,039 |
| 2006 | \$1,919 |

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

**8. DEFINED BENEFIT PENSION PLAN**

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, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2006, the members of all three plans, were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 percent.. 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, 2006, 2005, and 2004 were \$7,151, \$6,681 and \$6,063 respectively. The full amount has been contributed for 2006, 2005 and 2004.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS**

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 qualified survivor benefit 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 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 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 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 costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$1,418. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**10. CONTINGENT LIABILITIES**

The Township received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Township believes such disallowances, if any, will be immaterial.

**11. SUBSEQUENT EVENT**

Adjustments to the financial statements from the annual audit resulted in an amount due to Grove Cemetery in the amount of \$4,446. The general fund had a negative fund balance as a result of audit adjustments. The Township has petitioned the court to allow the transfer of the Road and Bridge fund balance to the general fund.

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**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

This discussion and analysis of Goshen Township's (the Township) 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 decreased \$22,759, a significant change from the prior year. The funds most affected by the decrease in cash and cash equivalents were the General and the Motor Vehicle License Tax funds, which realized the greatest burden of increased costs in 2005
- The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific purposes.
- The Township received Issue II money to repair Township Road 245.
- The Township had its first spring clean up day.

**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 the 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 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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**Reporting the Government 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 of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 non financial 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 and income taxes.

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

**Reporting the Government'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 classified into one category: governmental.

**Governmental Funds** - The Township's activities are reported in the governmental fund type. 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) is combined and presented in total in a single column.

The Township's major governmental funds are the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, and Issue II Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**The Government as a Whole**

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

**(Table 1)**  
**Net Assets**

|                           | <b>Governmental Activities</b> |                  |
|---------------------------|--------------------------------|------------------|
|                           | <b>2005</b>                    | <b>2004</b>      |
| <b>Assets</b>             |                                |                  |
| Cash and Cash Equivalents | \$187,650                      | \$210,409        |
| Total Assets              | <u>\$187,650</u>               | <u>\$210,409</u> |
| <b>Net Assets</b>         |                                |                  |
| <b>Restricted for:</b>    |                                |                  |
| Permanent Fund            | \$1,030                        | \$1,006          |
| Other Purposes            | 182,488                        | 189,463          |
| Unrestricted              | 4,132                          | 19,940           |
| Total Net Assets          | <u>\$187,650</u>               | <u>\$210,409</u> |

As mentioned previously, net assets of governmental activities decreased \$22,759 during 2005. The primary reason contributing to the decreases in cash balances was expenditures for public works projects increased. Table 2 reflects the changes in net assets on the cash basis in 2005 and 2004 for governmental activities.

**(Table 2)**  
**Changes in Net Assets**

|  | <b>Governmental Activities</b> |                  |
|--|--------------------------------|------------------|
|  | <b>2005</b>                    | <b>2004</b>      |
| <b>Receipts:</b>   |                                |                  |
| <b>Program Receipts:</b>                                       |                                |                  |
| Charges for Services and Sales                                 | \$ 494                         | \$ 741           |
| Operating Grants and Contributions                             | 91,189                         | 78,962           |
| Capital Grants and Contributions                               | 187,374                        |                  |
| Total Program Receipts   | <u>279,057</u>                 | <u>79,703</u>    |
| <b>General Receipts:</b>                                       |                                |                  |
| Property and Other Local Taxes                                 | 22,180                         | 19,810           |
| Grants and Entitlements Not Restricted<br>To Specific Programs | 27,144                         | 18,499           |
| Interest   | 3,584                          | 3,308            |
| Total General Receipts   | <u>52,908</u>                  | <u>41,617</u>    |
| Total Receipts   | <u>331,965</u>                 | <u>121,320</u>   |
| <b>Disbursements:</b>  |                                |                  |
| General Government   | 44,456                         | 41,110           |
| Public Safety  | 5,775                          | 15,000           |
| Public Works   | 102,305                        | 74,714           |
| Health   | 13,806                         | 12,849           |
| Conservation/Recreation  | 1,008                          | 965              |
| Capital Outlay   | 187,374                        | 410              |
| Total Disbursements  | <u>354,724</u>                 | <u>145,048</u>   |
| Excess (Deficiency)  | <u>(22,759)</u>                | <u>(23,728)</u>  |
| Net Assets, January 1, 2005                                    | 210,409                        | 234,137          |
| Net Assets, December 31, 2005                                  | <u>\$187,650</u>               | <u>\$210,409</u> |

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

Program receipts represent 84 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money and capital grants.

General receipts represent 16 percent of the Township's total receipts, and of this amount, 42 percent are local taxes and 51 percent are unrestricted grants and entitlements.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities.

**Governmental Activities**

If you look at the Statement of Activities on page 34, 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.

**(Table 3)  
Governmental Activities**

|                         | <b>Total Cost<br/>of Services<br/>2005</b> | <b>Net Cost<br/>of Services<br/>2005</b> | <b>Total Cost<br/>of Services<br/>2004</b> | <b>Net Cost<br/>of Services<br/>2004</b> |
|-------------------------|--|--|--|--|
| General Government      | \$44,456                                   | \$44,456                                 | \$41,110                                   | \$41,110                                 |
| Public Safety           | 5,775                                      | 5,775                                    | 15,000                                     | 12,401                                   |
| Public Works            | 102,305                                    | 11,709                                   | 74,714                                     |  |
| Health                  | 13,806                                     | 12,719                                   | 12,849                                     | 11,834                                   |
| Conservation/Recreation | 1,008                                      | 1,008                                    | 965  |  |
| Capital Outlay          | 187,374                                    |  | 410  |  |
| <b>Total Expenses</b>   | <b>\$354,724</b>                           | <b>\$75,667</b>                          | <b>\$145,048</b>                           | <b>\$65,345</b>                          |

**The Government's Funds**

Total governmental funds had receipts of \$331,965 and disbursements of \$354,724.

**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 fund is the General Fund.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

Goshen Township has no outstanding debts.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

**Contacting the Government'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 Shirley L. Barrett, Fiscal Officer, 9264 Township Road 225, Kenton, OH 43326, Goshen Township, Hardin County, Ohio.

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GOSHEN TOWNSHIP  
HARDIN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>Assets</b>                              |                                    |
| Equity in Pooled Cash and Cash Equivalents | <u>\$187,650</u>                   |
| <b>Net Assets</b>                          |                                    |
| <b>Restricted for:</b>                     |                                    |
| Permanent Fund - Cemetery Bequest          | 1,030                              |
| Other Purposes                             | 182,488                            |
| Unrestricted                               | <u>4,132</u>                       |
| <b>Total Net Assets</b>                    | <u>\$187,650</u>                   |

*See accompanying notes to the basic financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

|                                      | <b>Program Cash Receipts</b>  |                                 |   | <b>Net<br/>(Disbursements)<br/>Receipts and<br/>Changes in<br/>Net Assets</b> |                                    |
|--------------------------------------|-------------------------------|---------------------------------|---|---|------------------------------------|
| <b>Governmental Activities</b>       | <b>Cash<br/>Disbursements</b> | <b>Charges for<br/>Services</b> | <b>Operating Grants<br/>Contributions</b> | <b>Capital Grants<br/>Contributions</b>                                       | <b>Governmental<br/>Activities</b> |
| General Government                   | \$44,456                      |                                 |   |   | (\$44,456)                         |
| Public Safety                        | 5,775                         |                                 |   |   | (5,775)                            |
| Public Works                         | 102,305                       | \$494                           | \$90,102                                  |   | (11,709)                           |
| Health                               | 13,806                        |                                 | 1,087                                     |   | (12,719)                           |
| Conservation/Recreation              | 1,008                         |                                 |   |   | (1,008)                            |
| Capital Outlay                       | 187,374                       |                                 |   | \$187,374   |                                    |
| <b>Total Governmental Activities</b> | <b>\$354,724</b>              | <b>\$494</b>                    | <b>\$91,189</b>                           | <b>\$187,374</b>  | <b>(75,667)</b>                    |
| <b>General Receipts</b>              |                               |                                 |   |   |                                    |
|                                      |                               |                                 |   |   | 22,180                             |
|                                      |                               |                                 |   |   | 27,144                             |
|                                      |                               |                                 |   |   | 3,584                              |
|                                      |                               |                                 |   |   | 52,908                             |
|                                      |                               |                                 |   |   | (22,759)                           |
|                                      |                               |                                 |   |   | 210,409                            |
|                                      |                               |                                 |   |   | <b>\$187,650</b>                   |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

|                            | <u>General</u> | <u>Motor<br/>Vehicle<br/>License<br/>Tax</u> | <u>Gasoline<br/>Tax</u> | <u>Road and<br/>Bridge</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|----------------------------|----------------|--|-------------------------|----------------------------|---|---|
| <b>Assets</b>              |                |  |                         |                            |   |   |
| Cash                       | \$4,132        | \$43,622                                     | \$105,946               | \$31,747                   | \$2,203                                 | \$187,650                               |
| <b>Fund Balances</b>       |                |  |                         |                            |   |   |
| <b>Unreserved:</b>         |                |  |                         |                            |   |   |
| General Fund               | \$4,132        |  |                         |                            |   | \$4,132                                 |
| Special Revenue Funds      |                | \$43,622                                     | \$105,946               | \$31,747                   | \$1,173                                 | 182,488                                 |
| Permanent Fund             |                |  |                         |                            | 1,030                                   | 1,030                                   |
| <b>Total Fund Balances</b> | \$4,132        | \$43,622                                     | \$105,946               | \$31,747                   | \$2,203                                 | \$187,650                               |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

|  | <u>General</u>        | <u>Motor<br/>Vehicle<br/>License</u> | <u>Gasoline<br/>Tax</u> | <u>Road and<br/>Bridge</u> | <u>Issue II</u>   | <u>Other<br/>Governmental<br/>Funds</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|-----------------------|--------------------------------------|-------------------------|----------------------------|-------------------|---|---|
| <b>Cash Receipts:</b>                        |                       |                                      |                         |                            |                   |   |   |
| Property and Other Local Taxes               | \$7,567               |                                      |                         | \$4,035                    |                   | \$10,578                                | \$22,180                                |
| Licenses, Permits, and Fees                  | 494                   |                                      |                         |                            |                   |   | 494                                     |
| Intergovernmental                            | 26,929                | \$10,488                             | \$76,688                | 458                        | \$187,374         | 3,770                                   | 305,707                                 |
| Earnings on Investments                      | 803                   | 1,028                                | 1,729                   |                            |                   | 24                                      | 3,584                                   |
| Total Cash Receipts                          | <u>35,793</u>         | <u>11,516</u>                        | <u>78,417</u>           | <u>4,493</u>               | <u>187,374</u>    | <u>14,372</u>                           | <u>331,965</u>                          |
| <b>Cash Disbursements:</b>                   |                       |                                      |                         |                            |                   |   |   |
| <b>Current:</b>                              |                       |                                      |                         |                            |                   |   |   |
| General Government                           | 44,456                |                                      |                         |                            |                   |   | 44,456                                  |
| Public Safety                                | 5,775                 |                                      |                         |                            |                   |   | 5,775                                   |
| Public Works                                 |                       | 34,464                               | 64,983                  | 190                        |                   | 2,668                                   | 102,305                                 |
| Health                                       | 2,915                 |                                      |                         |                            |                   | 10,891                                  | 13,806                                  |
| Conservation - Recreation                    |                       |                                      |                         |                            |                   | 1,008                                   | 1,008                                   |
| Capital Outlay                               |                       |                                      |                         |                            | 187,374           |   | 187,374                                 |
| Total Cash Disbursements                     | <u>53,146</u>         | <u>34,464</u>                        | <u>64,983</u>           | <u>190</u>                 | <u>187,374</u>    | <u>14,567</u>                           | <u>354,724</u>                          |
| Total Receipts Over<br>(Under) Disbursements | (17,353)              | (22,948)                             | 13,434                  | 4,303                      |                   | (195)                                   | (22,759)                                |
| Fund Balances, January 1                     | <u>21,485</u>         | <u>66,570</u>                        | <u>92,512</u>           | <u>27,444</u>              |                   | <u>2,398</u>                            | <u>210,409</u>                          |
| <b>Fund Balances, December 31</b>            | <u><u>\$4,132</u></u> | <u><u>\$43,622</u></u>               | <u><u>\$105,946</u></u> | <u><u>\$31,747</u></u>     | <u><u>\$0</u></u> | <u><u>\$2,203</u></u>                   | <u><u>\$187,650</u></u>                 |

See accompanying notes to the financial statements.



**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

|   | <u>Budgeted Amounts</u> |                         | <u>Actual</u>         | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-------------------------|-----------------------|---|
|   | <u>Original</u>         | <u>Final</u>            |                       |   |
| <b>Receipts:</b>                          |                         |                         |                       |   |
| Taxes                                     | \$6,500                 | \$6,500                 | \$7,567               | \$1,067   |
| Licenses, Permits, and Fees               | 500                     | 500                     | 494                   | (6)   |
| Intergovernmental                         | 16,500                  | 16,500                  | 26,929                | 10,429  |
| Earnings on investments                   | 1,500                   | 1,500                   | 803                   | (697)   |
| Total receipts                            | <u>25,000</u>           | <u>25,000</u>           | <u>35,793</u>         | <u>10,793</u>   |
| <b>Disbursements:</b>                     |                         |                         |                       |   |
| <b>Current:</b>                           |                         |                         |                       |   |
| General Government                        | 45,450                  | 45,450                  | 44,456                | 994   |
| Public Safety                             | 5,775                   | 5,775                   | 5,775                 |   |
| Health                                    | 2,565                   | 2,565                   | 2,915                 | (350)   |
| Total disbursements                       | <u>53,790</u>           | <u>53,790</u>           | <u>53,146</u>         | <u>644</u>  |
| Total Receipts Over/(Under) Disbursements | (28,790)                | (28,790)                | (17,353)              | 11,437  |
| Fund Balances, January 1                  | <u>21,485</u>           | <u>21,485</u>           | <u>21,485</u>         |   |
| <b>Fund Balances, December 31</b>         | <u><u>(\$7,305)</u></u> | <u><u>(\$7,305)</u></u> | <u><u>\$4,132</u></u> | <u><u>\$11,437</u></u>  |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
MOTOR VEHICLE LICENSE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

|   | <u>Budgeted Amounts</u> |                    |                        | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|--------------------|------------------------|---|
|   | <u>Original</u>         | <u>Final</u>       | <u>Actual</u>          |   |
| <b>Receipts:</b>                          |                         |                    |                        |   |
| Intergovernmental                         | \$10,750                | \$10,750           | \$10,488               | (\$262)   |
| Earnings on investments                   | 750                     | 750                | 1,028                  | 278   |
| Total receipts                            | <u>11,500</u>           | <u>11,500</u>      | <u>11,516</u>          | <u>16</u>   |
| <b>Disbursements:</b>                     |                         |                    |                        |   |
| <b>Current:</b>                           |                         |                    |                        |   |
| Public Works                              | 78,000                  | 78,000             | 34,464                 | 43,536  |
| Total Receipts Over/(Under) Disbursements | <u>(66,500)</u>         | <u>(66,500)</u>    | <u>(22,948)</u>        | <u>43,552</u>   |
| Fund Balances, January 1                  | <u>66,570</u>           | <u>66,570</u>      | <u>66,570</u>          |   |
| <b>Fund Balances, December 31</b>         | <u><u>\$70</u></u>      | <u><u>\$70</u></u> | <u><u>\$43,622</u></u> | <u><u>\$43,552</u></u>  |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

|   | <u>Budgeted Amounts</u> |                       | <u>Actual</u>           | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-----------------------|-------------------------|---|
|   | <u>Original</u>         | <u>Final</u>          |                         |   |
| <b>Receipts:</b>                          |                         |                       |                         |   |
| Intergovernmental                         | \$66,800                | \$66,800              | \$76,688                | \$9,888   |
| Earnings on investments                   | 1,200                   | 1,200                 | 1,729                   | 529   |
| Total receipts                            | <u>68,000</u>           | <u>68,000</u>         | <u>78,417</u>           | <u>10,417</u>   |
| <b>Disbursements:</b>                     |                         |                       |                         |   |
| Current:                                  |                         |                       |                         |   |
| Public Works                              | 151,425                 | 151,425               | 64,983                  | 86,442  |
| Total Receipts Over/(Under) Disbursements | <u>(83,425)</u>         | <u>(83,425)</u>       | <u>13,434</u>           | <u>96,859</u>   |
| Fund Balances, January 1                  | <u>92,512</u>           | <u>92,512</u>         | <u>92,512</u>           |   |
| <b>Fund Balances, December 31</b>         | <u><u>\$9,087</u></u>   | <u><u>\$9,087</u></u> | <u><u>\$105,946</u></u> | <u><u>\$96,859</u></u>  |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

|   | <u>Budgeted Amounts</u> |                         |                        | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-------------------------|-------------------------|------------------------|---|
|   | <u>Original</u>         | <u>Final</u>            | <u>Actual</u>          |   |
| <b>Receipts:</b>                          |                         |                         |                        |   |
| Taxes                                     | \$3,500                 | \$3,500                 | \$4,035                | \$535   |
| Intergovernmental                         | 500                     | 500                     | 458                    | (42)  |
| Total receipts                            | <u>4,000</u>            | <u>4,000</u>            | <u>4,493</u>           | <u>493</u>  |
| <b>Disbursements:</b>                     |                         |                         |                        |   |
| Current:                                  |                         |                         |                        |   |
| Public Works                              | 33,400                  | 33,400                  | 190                    | 33,210  |
| Total Receipts Over/(Under) Disbursements | <u>(29,400)</u>         | <u>(29,400)</u>         | <u>4,303</u>           | <u>33,703</u>   |
| Fund Balances, January 1                  | <u>27,444</u>           | <u>27,444</u>           | <u>27,444</u>          |   |
| <b>Fund Balances, December 31</b>         | <u><u>(\$1,956)</u></u> | <u><u>(\$1,956)</u></u> | <u><u>\$31,747</u></u> | <u><u>\$33,703</u></u>  |

*See accompanying notes to the financial statements.*

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**1. REPORTING ENTITY**

Goshen Township, Hardin County, (the "Township"), is a body corporate and politic established 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 Fiscal Officer.

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 and maintenance of Township roads and bridges. The Township contracts with Jackson-Forest Fire Department and Marseilles Fire Department to provide fire and ambulance services.

The residents of the Township support the Grove Cemetery Association and the Veterans' Memorial Park District through tax levies. This relationship is further described in Note 7.

A member of the Township's Board of Trustees is appointed to the boards of Buck-Kenton-Pleasant (BKP) Ambulance District, the Hardin County Regional Planning Commission, and Grove Cemetery Association.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a 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. Following are the more significant of the Township's accounting policies.

**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.

**1. 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The statement of net assets presents the cash balances 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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

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.

**2. 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. Non-major 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 categorized in the governmental fund type.

**1. 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 Fund, the Motor Vehicle License Tax Fund, the Gasoline Tax Fund, the Road and Bridge Fund, and the Issue II Grant Fund.

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 Motor Vehicle License Tax Fund is used to accumulate license fees which are used to maintain roads. The Gasoline Tax Fund is used to accumulate gasoline tax revenues which are used to maintain roads. The Road and Bridge Fund is used to accumulate a portion of the Township's inside tax millage allocated by the Hardin County Commissioners. These monies are used to maintain roads and bridges. The Issue II Fund received a grant to repair a specific Township road.

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. 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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

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 are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 appropriations 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 Fiscal Officer. 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations 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.

**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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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, respectively.

During 2005, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements. Interest receipts credited to the General Fund during 2005 were \$803 which includes \$550 assigned from other Township funds.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

**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.

**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. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. 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.

**K. 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. There were no fund balance reserves.

**L. 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. The Township did not have this type of activity during the audit period.



**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**3. CHANGE IN BASIS OF ACCOUNTING**

In the prior year, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. Beginning in 2005, the Township 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.

**4. ACCOUNTABILITY AND COMPLIANCE**

**Compliance**

In violation of Ohio Rev. Code Section 5705.10, the Township recorded homestead and rollback revenue totaling \$1,659, which was generated from tax levies for the Road and Bridge Fund, Grove Cemetery Fund, and a gas tax payment allocation of \$201 due to the Motor Vehicle License Fund and Issue II grant receipts and expenditures of \$187,374 in the General Fund. FEMA grant receipts of \$2,668 were posted into the Motor Vehicle License Fund instead of into a separate Special Revenue fund.

**5. 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 – Budget Basis presented for the General, Motor Vehicle License Tax, Gasoline Tax and Road and Bridge funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance.

**6. 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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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).

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.

**A. Deposits**

Custodial credit risk 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. As of December 31, 2005, the carrying value of deposits were \$187,650 and \$87,650 of the Township's bank balance of \$187,650 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**7. 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 2005 became a lien on December 31, 2004, 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 \$2.2 mills per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

|                               | <u><b>2005</b></u>         |
|-------------------------------|----------------------------|
| Real Property                 |                            |
| Residential                   | \$4,693,110                |
| Agricultural                  | 5,539,210                  |
| Commercial/Industrial/Mineral | 122,360                    |
| Tangible Personal Property    |                            |
| Business                      | 68,660                     |
| Public Utility                | 420,940                    |
| Total Assessed Value          | <u><u>\$10,844,280</u></u> |

The residents of the Township support Grove Cemetery Association (the "Cemetery") and the Veterans' Memorial Park District (the "Park") through tax levies. The levy for the Cemetery is voted millage and the levy for the park is unvoted millage. During 2005, the Cemetery received \$9,576, and the Park received \$1,008, in tax revenue from the residents of the Township, of which the Cemetery receipts are received and distributed through the Township, but the Park receipts are paid directly by the County Auditor.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**8. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**A. Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

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

**B. Property Coverage**

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

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

**C. 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, 2005 and 2004:

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

| <u>Casualty Coverage</u> | <u>2005</u>         | <u>2004</u>         |
|--------------------------|---------------------|---------------------|
| Assets                   | \$30,485,638        | \$28,132,620        |
| Liabilities              | (12,344,576)        | (11,086,379)        |
| Retained earnings        | <u>\$18,141,062</u> | <u>\$17,046,241</u> |

  

| <u>Property Coverage</u> | <u>2005</u>        | <u>2004</u>        |
|--------------------------|--------------------|--------------------|
| Assets                   | \$9,177,796        | \$7,588,343        |
| Liabilities              | (1,406,031)        | (543,176)          |
| Retained earnings        | <u>\$7,771,765</u> | <u>\$7,045,167</u> |

At December 31, 2005 and 2004, respectively, casualty coverage liabilities noted above include approximately \$11.6 million and \$10.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$4,078. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

| <u>Contributions to OTARMA</u> |         |
|--------------------------------|---------|
| 2004                           | \$1,922 |
| 2005                           | \$2,039 |

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

**9. DEFINED BENEFIT PENSION PLAN**

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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**9. DEFINED BENEFIT PENSION PLAN (Continued)**

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, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The employer contribution rate for pension benefits for 2005 was 9.55 percent. 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 \$6,681, \$6,063, and \$5,573 respectively. The full amount has been contributed for 2005, 2004 and 2003.

**10. POSTEMPLOYMENT BENEFITS**

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 benefit recipients and qualified survivor benefit 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, 4 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 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 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.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**10. POSTEMPLOYMENT BENEFITS (Continued)**

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1,212. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, was \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**11. CONTINGENT LIABILITIES**

The Township received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Township believe such disallowances, if any, will be immaterial.

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# Mary Taylor, CPA

Auditor of State

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

Goshen Township  
Hardin County  
9264 TR 225  
Kenton, Ohio 43326

To the Board of Trustees:

We have audited the financial statements of the governmental activities each major fund, and the aggregate remaining fund information of Goshen Township, Hardin County, (the Township), as of and for the years ended December 31, 2006 and December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 30, 2007, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: Finding 2006-001.

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above, as finding number 2006-001 is 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated November 30, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

November 30, 2007

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND DECEMBER 31, 2005**

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

**FINDING NUMBER 2006-001**

**Material Weakness/Noncompliance**

**Ohio Rev. Code Section 5705.10** states that all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made. It also states that all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

During 2005, homestead and rollback revenue received as a result of a tax levies for the Road and Bridge Fund, Grove Cemetery Fund, and a gas tax payment due to the Motor Vehicle License Fund and Issue II grant receipts were recorded in the General Fund. FEMA grant receipts were recorded in the Motor Vehicle License Tax Fund. During 2006, homestead and rollback revenue received as a result of a tax levies for the Road and Bridge Fund, Grove Cemetery Fund, and a tax payment derived from the Grove Cemetery tax levy, and Issue II grant receipts were recorded in the General Fund. A tax payment derived from the Grove Cemetery tax levy was recorded in the Motor Vehicle License Fund. In addition, a portion of the clerk's salary was charged to the Gasoline Tax fund rather than the general. The aforementioned receipts were significant and required audit adjustments to properly present the financial statements. The required adjustments had the following effect upon the respective fund balances:

|                           | <b>Balance<br/>12/31/2005</b> | <b>2005<br/>Net Adjustments</b> |                      | <b>Adjusted<br/>Balance<br/>12/31/2005</b> |
|---------------------------|-------------------------------|---------------------------------|----------------------|--|
|                           |                               | <b>Receipts</b>                 | <b>Disbursements</b> |  |
| General Fund              | \$ 12,003                     | (\$189,120)                     | \$181,249            | \$ 4,132                                   |
| Motor Vehicle License Tax | 43,422                        | (2,468)                         | 2,668                | 43,622                                     |
| Gasoline Tax Fund         | 99,832                        |                                 | 6,125                | 105,946                                    |
| Road and Bridge Fund      | 31,289                        | 458                             |                      | 31,747                                     |
| Grove Cemetery Fund       | 85                            | 1,088                           |                      | 1,173                                      |
| FEMA Fund                 |                               | 2,668                           | (2,668)              |  |
| Issue II                  |                               | 187,374                         | (187,374)            |  |
| Cemetery Bequest          | 1,030                         |                                 |                      | 1,030                                      |
|                           | <u>\$187,650</u>              |                                 |                      | <u>\$187,650</u>                           |

|                           | <b>Balance<br/>12/31/2006</b> | <b>2006<br/>Net Adjustments</b> |                      | <b>Adjusted<br/>Balance<br/>12/31/2006</b> |
|---------------------------|-------------------------------|---------------------------------|----------------------|--|
|                           |                               | <b>Receipts</b>                 | <b>Disbursements</b> |  |
| General Fund              | \$ 19,483                     | (\$8,728)                       | (\$21,389)           | (\$10,634)                                 |
| Motor Vehicle License Tax | 42,582                        |                                 |                      | 42,582                                     |
| Gasoline Tax Fund         | 125,630                       |                                 | 25,379               | 151,009                                    |
| Road and Bridge Fund      | 35,535                        | 439                             |                      | 35,974                                     |
| Grove Cemetery Fund       | 147                           | 4,299                           |                      | 4,446                                      |
| FEMA Fund                 |                               | 3,990                           | (3,990)              |  |
| Cemetery Bequest          | 1,073                         |                                 |                      | 1,073                                      |
|                           | <u>\$224,450</u>              |                                 |                      | <u>\$224,450</u>                           |

**FINDING NUMBER 2006-001  
(Continued)**

Failure to post receipts to the correct fund and line item could lead to a material misstatement of the financial statements. In addition, incorrect postings can result in the appearance that revenues are available in a fund for expenditure when they are not.

Revenue should be accurately posted to the appropriate line item and fund based on the UAN chart of accounts and the settlement sheets from the County Auditor. Additionally, Ohio Rev. Code Section 5705.39 requires that each subdivision must establish a special fund for each class of revenue derived from a source other than the general property tax, which the Law requires to be used for a particular purpose. During 2005 and 2006, the Township received an Issue II grant and participated in the FEMA grant program pertaining to an ice storm during 2005. Audit Bulletins 2000-008 and 99-005 may be referenced for the posting of Issue II and FEMA grants, respectively. The Township has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts in the funds.

Monitoring procedures should be implemented to ensure that revenues and expenditures are recorded in the correct funds.

**Officials' Response:**

We received no response from officials.

**GOSHEN TOWNSHIP  
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEARS ENDING DECEMBER 31, 2006 AND DECEMBER 31, 2005**

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b> |
|----------------|---|------------------|---|
| 2004-001       | ORC Section 135.03 - Eligible Depositories                      | Yes              |   |
| 2004-002       | ORC 135.18 - Collateral for deposits exceeding \$100,000        | Yes              |   |
| 2004-003       | ORC 5705.10 - Revenue not properly recorded to the correct fund | No               | Repeated as 2006-001  |





**Mary Taylor, CPA**  
Auditor of State

**GOSHEN TOWNSHIP**

**HARDIN 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  
DECEMBER 27, 2007**