

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Pitt Township  
14895 County Highway 113  
Upper Sandusky, OH 43351

We have reviewed the *Independent Auditor's Report* of Pitt Township, Wyandot County, prepared by E. S. Evans and Company, for the audit period January 1, 2005 to December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Pitt Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 5, 2007

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PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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# ***E.S. Evans and Company***

**Certified Public Accountants and Consultants**

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

October 15, 2007

## INDEPENDENT AUDITOR'S REPORT

Pitt Township  
Wyandot County, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pitt Township, Wyandot County, Ohio (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. The basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

As discussed in Note 2, the Township has prepared these financial statements using the cash basis of accounting. This is a comprehensive basis of accounting 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 basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Pitt Township, Wyandot County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash basis financial position, thereof and the respective budgetary comparisons for the General and Gasoline Tax Funds for the years then ended in conformity with the basis of accounting described in Note 2.



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 applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

As discussed in Note 3, 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.

In accordance with Government Auditing Standards, we have also issued a report dated October 15, 2007 on our consideration of Pitt 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 and should be read in conjunction with this report in considering the results of our audit.

*E. J. Green and Company*

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Years Ended December 31, 2006 and 2005

This discussion and analysis of Pitt Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's cash basis of 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 \$16,379, or 4.24 percent, not a significant change from the prior year. The Township was also a recipient of Issue II funding for TH124 and also installed a recycled guardrail through a grant from the Wyandot County Solid Waste Management District.

The Township's general receipts are primarily property taxes and various grant monies not restricted for specific purposes. These receipts represent 47.80 percent of the total cash received for governmental activities during the year.

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$77,743, or 25.21 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which also realizes the greatest burden of costs. The Township also was a recipient of Issue II funding for 2005 and purchased a new grass buggy for the volunteer fire department along with equipment for the new truck.

The Township's general receipts are primarily property taxes and various grant monies not restricted for specific purposes. These receipts represent 52.93 percent of the total cash received for governmental activities during the year.

**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.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Years Ended December 31, 2006 and 2005

**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.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of the cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type 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 or business-type activity draws from the Township's general receipts.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

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 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.

In the statement of net assets and the statement of activities, the Township discloses a single type of activity:

**Governmental activities** - Most of the Township's basic services are reported here, including State and federal grants; 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 Township's Most Significant Funds**

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

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Township 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 non-major 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 and the Gasoline Tax Fund for both 2005 and 2006, as well as General Bond (Note) Retirement Fund in 2006. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

**The Township as a Whole**

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

(Table 1)  
**Net Assets**

|                              | <u>Governmental Activities</u> |             |
|------------------------------|--------------------------------|-------------|
|                              | <u>2006</u>                    | <u>2005</u> |
| <b>Assets</b>                |                                |             |
| Cash and Cash Equivalents \$ | \$ 402,470                     | \$ 386,091  |
| <b>Net Assets</b>            |                                |             |
| Restricted for:              |                                |             |
| Debt Service                 | \$ 44,852                      | \$ 37,406   |
| Other Purposes               | 97,849                         | 95,574      |
| Unrestricted                 | 259,769                        | 253,111     |
| Total Net Assets             | \$ 402,470                     | \$ 386,091  |

As mentioned previously, net assets of governmental activities increased \$77,743 or 25.21 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- Large estate tax settlement was received in the amount of \$112,090.
- Received \$8,000 fire grant for SBCC bottles.

As mentioned previously, net assets of governmental activities increased \$16,379 or 4.24 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Large estate tax settlement was received in the amount of \$28,493.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

Table 2 reflects the changes in net assets in 2006 and 2005.

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

|  | Governmental<br>Activities<br>2006 | Governmental<br>Activities<br>2005 |
|--|------------------------------------|------------------------------------|
|  | <u>2006</u>                        | <u>2005</u>                        |
| Receipts:  |                                    |                                    |
| Program Receipts:  |                                    |                                    |
| Charges for Sales and Services                                 | \$ 5,182                           | \$ 5,923                           |
| Operating Grants and Contributions                             | 84,753                             | 93,974                             |
| Capital Grants and Contributions                               | 11,033                             | 40,367                             |
| Total Program Receipts   | <u>100,968</u>                     | <u>140,264</u>                     |
| General Receipts:  |                                    |                                    |
| Property and Other Local Taxes                                 | 51,730                             | 46,279                             |
| Grants and Entitlements Not Restricted<br>to Specific Programs | 59,411                             | 147,855                            |
| Interest   | 10,980                             | 6,567                              |
| Miscellaneous  | 9,438                              | 25,883                             |
| Total General Receipts   | <u>131,559</u>                     | <u>226,584</u>                     |
| Total Receipts   | <u>232,527</u>                     | <u>366,848</u>                     |
| Disbursements:   |                                    |                                    |
| General Government   | 65,107                             | 55,694                             |
| Public Safety  | 13,436                             | 51,715                             |
| Public Works   | 96,282                             | 114,150                            |
| Health   | 7,815                              | 7,653                              |
| Capital Outlay   | 11,033                             | 36,568                             |
| Debt Service - Principal                                       | 17,000                             | 17,000                             |
| Debt Service - Interest  | 5,475                              | 6,325                              |
| Total Disbursements  | <u>216,148</u>                     | <u>289,105</u>                     |
| Increase (Decrease) in Net Assets                              | 16,379                             | 77,743                             |
| Net Assets, January 1st  | 386,091                            | 308,348                            |
| Net Assets, December 31st                                      | <u>\$402,470</u>                   | <u>\$386,091</u>                   |

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

Program receipts represent 43.42 and 38.23 percent of total receipts for 2006 and 2005, respectively and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money as well as Issue II capital grant funding.

General receipts represent 56.58 and 61.77 percent of the Township's total receipts for 2006 and 2005, respectively, and of this amount, 39.32 and 20.42 percent are local taxes. State and federal grants and entitlements are the largest additional source of general receipts at 45.16 and 65.25 percent for 2006 and 2005, respectively. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for the Township represent the overhead costs of running the Township and the support services provided for the other Township's activities. These include the costs of trustees and fiscal officer and their associated benefits.

Security of Persons and Property are the responsibility of the sheriff and fire protection is provided by the Volunteer Fire Department; Public Health Services are provided by the County health department, of which the township's share is billed on an annual basis; and the trustees are committed to the cost of maintaining the roads.

Governmental Activities

If you look at the Statements of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government and Public Works, which account for 30.12 and 44.54 percent of disbursements in 2006 and 19.26 and 39.48 percent of disbursements in 2005, respectively. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. The "net cost" amount represents the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost and services and the net cost is presented in Table 3.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Years Ended December 31, 2006 and 2005

(Table 3)

**Governmental Activities**

|                       | Total Cost<br>Of Services<br>2005 | Net Cost<br>of Services<br>2005 | Total Cost<br>Of Services<br>2006 | Net Cost<br>of Services<br>2006 |
|-----------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| General Government    | \$ 55,694                         | \$ 54,896                       | \$ 65,107                         | \$ 64,150                       |
| Public Safety         | 51,715                            | 47,515                          | 13,436                            | 9,236                           |
| Public Works          | 114,150                           | (14,863)                        | 96,282                            | 496                             |
| Health                | 7,653                             | 6,728                           | 7,815                             | 7,790                           |
| Other                 | -                                 | (5,328)                         | -                                 | -                               |
| Capital Outlay        | 36,568                            | 36,568                          | 11,033                            | 11,033                          |
| Debt Service          | 23,325                            | 23,325                          | 22,475                            | 22,475                          |
| <b>Total Expenses</b> | <b>\$ <u>289,105</u></b>          | <b>\$ <u>148,841</u></b>        | <b>\$ <u>216,148</u></b>          | <b>\$ <u>115,180</u></b>        |

The dependence upon state funding is apparent as 47% in 2006 and 48% in 2005 of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$232,527 in 2006 and \$366,817 in 2005 and disbursements of \$216,148 in 2006 and \$289,105 in 2005, which means there was an excess of revenue over expenditures for both years.

**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.

During 2005 and 2006, the Township did not amend its General Fund budget. The difference between final budgeted receipts and actual receipts was primarily due to estate tax monies that were not expected.



PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

**Capital Assets and Debt Administration**

Capital Assets

The Township's financial statements are prepared on the cash basis of accounting and thus, capital assets acquired by the district are recorded as disbursements and have not been capitalized.

Debt

At December 31, 2006, the Township's outstanding debt included \$101,000 in fire equipment acquisition bonds. For further information regarding the Township's debt, refer to Note 6 of the financial statements.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lynette K. Pagnard, Fiscal Officer, Pitt Township, Wyandot County, 14895 County Highway 113, Upper Sandusky, OH 43351.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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STATEMENTS OF NET ASSETS - CASH BASIS

December 31, 2006

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <u>Assets:</u>                             |                                    |
| Equity in Pooled Cash and Cash Equivalents | \$ 402,470                         |
| Total Assets                               | <u>402,470</u>                     |
| <br>                                       |                                    |
| <u>Net Assets:</u>                         |                                    |
| Restricted For:                            |                                    |
| Debt Service                               | 44,852                             |
| Other Purposes                             | 97,849                             |
| Unrestricted                               | <u>259,769</u>                     |
| Total Net Assets                           | <u>\$ 402,470</u>                  |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS  
For the Year Ended December 31, 2006

|  | Cash<br>Disbursements | Program Cash Receipts                |  |  | Net (Disbursements)<br>Receipts and<br>Changes in Net Assets |                   |
|--|-----------------------|--------------------------------------|--|--|--|-------------------|
|  |                       | Charges for<br>Services and<br>Sales | Operating Grants<br>and<br>Contributions | Capital Grants<br>and<br>Contributions | Governmental<br>Activities                                   | Total             |
| <u>Governmental Activities:</u>            |                       |                                      |  |  |  |                   |
| General Government                         | \$ 65,107             | \$ 957                               | \$ -                                     | \$ -                                   | \$ (64,150)  | \$ (64,150)       |
| Public Safety                              | 13,436                | 4,200                                | -  | -                                      | (9,236)  | (9,236)           |
| Public Works                               | 96,282                | -                                    | 84,753                                   | 11,033                                 | (496)  | (496)             |
| Health                                     | 7,815                 | 25                                   | -  | -                                      | (7,790)  | (7,790)           |
| Other                                      | -                     | -                                    | -  | -                                      | -  | -                 |
| Capital Outlay                             | 11,033                | -                                    | -  | -                                      | (11,033)   | (11,033)          |
| Debt Service:                              |                       |                                      |  |  |  |                   |
| Principal                                  | 17,000                | -                                    | -  | -                                      | (17,000)   | (17,000)          |
| Interest                                   | 5,475                 | -                                    | -  | -                                      | (5,475)  | (5,475)           |
| Total Governmental Activities              | <u>\$ 216,148</u>     | <u>\$ 5,182</u>                      | <u>\$ 84,753</u>                         | <u>\$ 11,033</u>                       | <u>(115,180)</u>   | <u>(115,180)</u>  |
| <u>General Receipts:</u>                   |                       |                                      |  |  |  |                   |
| Property Taxes Levied for General Purposes |                       |                                      |  |  | 51,729   | 51,729            |
| Grants Not Restricted                      |                       |                                      |  |  | 59,411   | 59,411            |
| Interest                                   |                       |                                      |  |  | 10,981   | 10,981            |
| Miscellaneous                              |                       |                                      |  |  | 9,438  | 9,438             |
| Total General Receipts                     |                       |                                      |  |  | <u>131,559</u>   | <u>131,559</u>    |
| Change in Net Assets                       |                       |                                      |  |  | 16,379   | 16,379            |
| Net Assets Beginning of Year               |                       |                                      |  |  | 386,091  | 386,091           |
| Net Assets End of Year                     |                       |                                      |  |  | <u>\$ 402,470</u>  | <u>\$ 402,470</u> |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
December 31, 2006

|  | <u>General</u>    | <u>Gasoline<br/>Tax</u> | <u>General Bond<br/>(Note) Retirement</u> | <u>Other<br/>Governmental</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------|-------------------------|---|-------------------------------|---|
| <u>Assets:</u>                             |                   |                         |   |                               |   |
| Equity in Pooled Cash and Cash Equivalents | \$ 259,768        | \$ 73,466               | \$ 44,852                                 | \$ 24,384                     | \$ 402,470                              |
| Total Assets                               | <u>259,768</u>    | <u>73,466</u>           | <u>44,852</u>                             | <u>24,384</u>                 | <u>402,470</u>                          |
| <u>Fund Balances:</u>                      |                   |                         |   |                               |   |
| Unreserved, Reported in:                   |                   |                         |   |                               |   |
| General Fund                               | 259,768           | -                       | -   | -                             | 259,768                                 |
| Special Revenue Funds                      | -                 | 73,466                  | -   | -                             | 73,466                                  |
| Debt Service Funds                         | -                 | -                       | 44,852                                    | 24,384                        | 69,236                                  |
| Total Fund Balances                        | <u>\$ 259,768</u> | <u>\$ 73,466</u>        | <u>\$ 44,852</u>                          | <u>\$ 24,384</u>              | <u>\$ 402,470</u>                       |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2006

|  | <u>General</u>    | <u>Gasoline<br/>Tax</u> | <u>General Bond<br/>(Note) Retirement</u> | <u>Other<br/>Governmental</u> | <u>Total Governmental<br/>Funds</u> |
|--|-------------------|-------------------------|---|-------------------------------|-------------------------------------|
| <u>Receipts:</u>                                 |                   |                         |   |                               |                                     |
| Property and Other Local Taxes                   | \$ 14,476         | \$ -                    | \$ 27,916                                 | \$ 9,337                      | \$ 51,729                           |
| Charges for Services                             | 4,200             | -                       | -   | -                             | 4,200                               |
| Intergovernmental                                | 55,437            | 71,567                  | 3,003                                     | 25,190                        | 155,197                             |
| Special Assessments                              | -                 | -                       | -   | 957                           | 957                                 |
| Interest   | 8,466             | 1,946                   | -   | 569                           | 10,981                              |
| Miscellaneous                                    | 9,438             | -                       | -   | 25                            | 9,463                               |
| Total Receipts                                   | <u>92,017</u>     | <u>73,513</u>           | <u>30,919</u>                             | <u>36,078</u>                 | <u>232,527</u>                      |
| <u>Disbursements:</u>                            |                   |                         |   |                               |                                     |
| Current:   |                   |                         |   |                               |                                     |
| General Government                               | 65,107            | -                       | -   | -                             | 65,107                              |
| Public Safety                                    | 12,438            | -                       | 998                                       | -                             | 13,436                              |
| Public Works                                     | -                 | 71,360                  | -   | 24,922                        | 96,282                              |
| Health   | 7,815             | -                       | -   | -                             | 7,815                               |
| Capital Outlay                                   | -                 | -                       | -   | 11,033                        | 11,033                              |
| Debt Service:                                    |                   |                         |   |                               |                                     |
| Principal Retirement                             | -                 | -                       | 17,000                                    | -                             | 17,000                              |
| Interest and Fiscal Charges                      | -                 | -                       | 5,475                                     | -                             | 5,475                               |
| Total Disbursements                              | <u>85,360</u>     | <u>71,360</u>           | <u>23,473</u>                             | <u>35,955</u>                 | <u>216,148</u>                      |
| Excess of Receipts Over<br>(Under) Disbursements | <u>6,657</u>      | <u>2,153</u>            | <u>7,446</u>                              | <u>123</u>                    | <u>16,379</u>                       |
| Net Change in Fund Balances                      | 6,657             | 2,153                   | 7,446                                     | 123                           | 16,379                              |
| Fund Balances Beginning of Year                  | 253,111           | 71,313                  | 37,406                                    | 24,261                        | 386,091                             |
| Fund Balances End of Year                        | <u>\$ 259,768</u> | <u>\$ 73,466</u>        | <u>\$ 44,852</u>                          | <u>\$ 24,384</u>              | <u>\$ 402,470</u>                   |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND

For the Year Ended December 31, 2006

|  | Budgeted Amounts |           | Actual     | Variance with                   |
|--|------------------|-----------|------------|---------------------------------|
|  | Original         | Final     |            | Final Budget<br>Over<br>(Under) |
| <u>Receipts:</u>                                 |                  |           |            |                                 |
| Property and Other Local Taxes                   | \$ 14,395        | \$ 14,395 | \$ 14,476  | \$ 81                           |
| Charges for Services                             | 4,200            | 4,200     | 4,200      | -                               |
| Intergovernmental                                | 26,878           | 26,878    | 55,437     | 28,559                          |
| Interest   | 4,000            | 4,000     | 8,466      | 4,466                           |
| Miscellaneous                                    | 9,902            | 9,902     | 9,438      | (464)                           |
| Total Receipts                                   | 59,375           | 59,375    | 92,017     | 32,642                          |
| <u>Disbursements:</u>                            |                  |           |            |                                 |
| Current:   |                  |           |            |                                 |
| General Government                               | 237,486          | 237,486   | 65,107     | 172,379                         |
| Public Safety                                    | 26,000           | 26,000    | 12,438     | 13,562                          |
| Public Works                                     | -                | -         | -          | -                               |
| Health   | 24,000           | 24,000    | 7,815      | 16,185                          |
| Capital Outlay                                   | 25,000           | 25,000    | -          | 25,000                          |
| Total Disbursements                              | 312,486          | 312,486   | 85,360     | 227,126                         |
| Excess of Receipts Over<br>(Under) Disbursements | (253,111)        | (253,111) | 6,657      | 259,768                         |
| Net Change in Fund Balances                      | (253,111)        | (253,111) | 6,657      | 259,768                         |
| Fund Balance at Beginning of Year                | 253,111          | 253,111   | 253,111    | -                               |
| Prior Year Encumbrances Appropriated             | -                | -         | -          | -                               |
| Fund Balance at End of Year                      | \$ -             | \$ -      | \$ 259,768 | \$ 259,768                      |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND

For the Year Ended December 31, 2006

|  | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Over<br>(Under) |
|--|------------------|-----------|-----------|--|
|  | Original         | Final     |           | (Under)  |
| <u>Receipts:</u>                                 |                  |           |           |  |
| Intergovernmental                                | \$ 72,980        | \$ 72,980 | \$ 71,567 | \$ (1,413)                                       |
| Interest   | 1,000            | 1,000     | 1,946     | 946  |
| Miscellaneous                                    | -                | -         | -         | -  |
| Total Receipts                                   | 73,980           | 73,980    | 73,513    | (467)  |
| <u>Disbursements:</u>                            |                  |           |           |  |
| Current:   |                  |           |           |  |
| Public Works                                     | 130,293          | 130,293   | 71,360    | 58,933   |
| Capital Outlay                                   | 15,000           | 15,000    | -         | 15,000   |
| Total Disbursements                              | 145,293          | 145,293   | 71,360    | 73,933   |
| Excess of Receipts Over<br>(Under) Disbursements | (71,313)         | (71,313)  | 2,153     | 73,466   |
| Net Change in Fund Balances                      | (71,313)         | (71,313)  | 2,153     | 73,466   |
| Fund Balance at Beginning of Year                | 71,313           | 71,313    | 71,313    | -  |
| Prior Year Encumbrances Appropriated             | -                | -         | -         | -  |
| Fund Balance at End of Year                      | \$ -             | \$ -      | \$ 73,466 | \$ 73,466  |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

STATEMENTS OF NET ASSETS - CASH BASIS

December 31, 2005

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <u>Assets:</u>                             |                                    |
| Equity in Pooled Cash and Cash Equivalents | \$ 386,091                         |
| Total Assets                               | <u>386,091</u>                     |
| <u>Net Assets:</u>                         |                                    |
| Restricted For:                            |                                    |
| Debt Service                               | 37,406                             |
| Other Purposes                             | 95,574                             |
| Unrestricted                               | <u>253,111</u>                     |
| Total Net Assets                           | <u>\$ 386,091</u>                  |

The accompanying notes are an integral part of these financial statements.



PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS  
For the Year Ended December 31, 2005

|  | <u>Cash</u><br><u>Disbursements</u> | <u>Program Cash Receipts</u>                              |   |   | <u>Net (Disbursements)</u><br><u>Receipts and</u><br><u>Changes in Net Assets</u> |                   |
|--|-------------------------------------|---|---|---|---|-------------------|
|  |                                     | <u>Charges for</u><br><u>Services and</u><br><u>Sales</u> | <u>Operating Grants</u><br><u>and</u><br><u>Contributions</u> | <u>Capital Grants</u><br><u>and</u><br><u>Contributions</u> | <u>Governmental</u><br><u>Activities</u>  | <u>Total</u>      |
| <u>Governmental Activities:</u>            |                                     |   |   |   |   |                   |
| General Government                         | \$ 55,694                           | \$ 798  | \$ -  | \$ -  | \$ (54,896)   | \$ (54,896)       |
| Public Safety                              | 51,715                              | 4,200   | -   | -   | (47,515)  | (47,515)          |
| Public Works                               | 114,150                             | -   | 88,646  | 40,367  | 14,863  | 14,863            |
| Health                                     | 7,653                               | 925   | -   | -   | (6,728)   | (6,728)           |
| Other                                      | -                                   | -   | 5,328   | -   | 5,328   | 5,328             |
| Capital Outlay                             | 36,568                              | -   | -   | -   | (36,568)  | (36,568)          |
| <u>Debt Service:</u>                       |                                     |   |   |   |   |                   |
| Principal                                  | 17,000                              | -   | -   | -   | (17,000)  | (17,000)          |
| Interest                                   | 6,325                               | -   | -   | -   | (6,325)   | (6,325)           |
| Total Governmental Activities              | <u>\$ 289,105</u>                   | <u>\$ 5,923</u>   | <u>\$ 93,974</u>  | <u>\$ 40,367</u>  | <u>(148,841)</u>  | <u>(148,841)</u>  |
| <u>General Receipts:</u>                   |                                     |   |   |   |   |                   |
| Property Taxes Levied for General Purposes |                                     |   |   |   | 46,279  | 46,279            |
| Grants Not Restricted                      |                                     |   |   |   | 147,855   | 147,855           |
| Interest                                   |                                     |   |   |   | 6,567   | 6,567             |
| Miscellaneous                              |                                     |   |   |   | 25,883  | 25,883            |
| Total General Receipts                     |                                     |   |   |   | <u>226,584</u>  | <u>226,584</u>    |
| Change in Net Assets                       |                                     |   |   |   | 77,743  | 77,743            |
| Net Assets Beginning of Year               |                                     |   |   |   | 308,348   | 308,348           |
| Net Assets End of Year                     |                                     |   |   |   | <u>\$ 386,091</u>   | <u>\$ 386,091</u> |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
December 31, 2005

|  | General    | Gasoline<br>Tax | Other<br>Governmental | Total<br>Governmental<br>Funds |
|--|------------|-----------------|-----------------------|--------------------------------|
| <u>Assets:</u>                             |            |                 |                       |                                |
| Equity in Pooled Cash and Cash Equivalents | \$ 253,111 | \$ 71,313       | \$ 61,667             | \$ 386,091                     |
| Total Assets                               | 253,111    | 71,313          | 61,667                | 386,091                        |
| <u>Fund Balances:</u>                      |            |                 |                       |                                |
| Unreserved, Reported in:                   |            |                 |                       |                                |
| General Fund                               | 253,111    | -               | -                     | 253,111                        |
| Special Revenue Funds                      | -          | 71,313          | 24,261                | 95,574                         |
| Debt Service Funds                         | -          | -               | 37,406                | 37,406                         |
| Total Fund Balances                        | \$ 253,111 | \$ 71,313       | \$ 61,667             | \$ 386,091                     |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS  
FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2005

|  | General    | Gasoline<br>Tax | Other<br>Governmental | Total Governmental<br>Funds |
|--|------------|-----------------|-----------------------|-----------------------------|
| <u>Receipts:</u>                                 |            |                 |                       |                             |
| Property and Other Local Taxes                   | \$ 12,861  | \$ -            | \$ 33,418             | \$ 46,279                   |
| Charges for Services                             | 4,200      | -               | -                     | 4,200                       |
| Intergovernmental                                | 145,963    | 78,180          | 58,051                | 282,194                     |
| Special Assessments                              | -          | -               | 798                   | 798                         |
| Interest   | 4,552      | 1,424           | 592                   | 6,568                       |
| Miscellaneous                                    | 25,528     | 70              | 1,180                 | 26,778                      |
| Total Receipts                                   | 193,104    | 79,674          | 94,039                | 366,817                     |
| <u>Disbursements:</u>                            |            |                 |                       |                             |
| Current:   |            |                 |                       |                             |
| General Government                               | 55,694     | -               | -                     | 55,694                      |
| Public Safety                                    | 50,894     | -               | 820                   | 51,714                      |
| Public Works                                     | -          | 85,726          | 28,424                | 114,150                     |
| Health   | 7,653      | -               | -                     | 7,653                       |
| Capital Outlay                                   | -          | -               | 36,569                | 36,569                      |
| Debt Service:                                    |            |                 |                       |                             |
| Principal Retirement                             | -          | -               | 17,000                | 17,000                      |
| Interest and Fiscal Charges                      | -          | -               | 6,325                 | 6,325                       |
| Total Disbursements                              | 114,241    | 85,726          | 89,138                | 289,105                     |
| Excess of Receipts Over<br>(Under) Disbursements | 78,863     | (6,052)         | 4,901                 | 77,712                      |
| Other Financing Sources (Uses):                  |            |                 |                       |                             |
| Other Financing Sources                          | -          | -               | 31                    | 31                          |
| Net Change in Fund Balances                      | 78,863     | (6,052)         | 4,932                 | 77,743                      |
| Fund Balances Beginning of Year                  | 174,248    | 77,365          | 56,735                | 308,348                     |
| Fund Balances End of Year                        | \$ 253,111 | \$ 71,313       | \$ 61,667             | \$ 386,091                  |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND

For the Year Ended December 31, 2005

|  | Budgeted Amounts |           | Actual     | Variance with                   |
|--|------------------|-----------|------------|---------------------------------|
|  | Original         | Final     |            | Final Budget<br>Over<br>(Under) |
| <u>Receipts:</u>                                 |                  |           |            |                                 |
| Property and Other Local Taxes                   | \$ 13,200        | \$ 13,200 | \$ 12,861  | \$ (339)                        |
| Charges for Service                              | 4,200            | 4,200     | 4,200      | -                               |
| Intergovernmental                                | 26,878           | 26,878    | 145,963    | 119,085                         |
| Interest   | 1,779            | 1,779     | 4,552      | 2,773                           |
| Miscellaneous                                    | 12,123           | 12,123    | 25,528     | 13,405                          |
| Total Receipts                                   | 58,180           | 58,180    | 193,104    | 134,924                         |
| <u>Disbursements:</u>                            |                  |           |            |                                 |
| Current:   |                  |           |            |                                 |
| General Government                               | 124,428          | 124,428   | 55,694     | 68,734                          |
| Public Safety                                    | 59,000           | 59,000    | 50,894     | 8,106                           |
| Health   | 24,000           | 24,000    | 7,653      | 16,347                          |
| Capital Outlay:                                  | 25,000           | 25,000    | -          | 25,000                          |
| Total Disbursements                              | 232,428          | 232,428   | 114,241    | 118,187                         |
| Excess of Receipts Over<br>(Under) Disbursements | (174,248)        | (174,248) | 78,863     | 253,111                         |
| Net Change in Fund Balances                      | (174,248)        | (174,248) | 78,863     | 253,111                         |
| Fund Balance at Beginning of Year                | 174,248          | 174,248   | 174,248    | -                               |
| Prior Year Encumbrances Appropriated             | -                | -         | -          | -                               |
| Fund Balance at End of Year                      | \$ -             | \$ -      | \$ 253,111 | \$ 253,111                      |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
For the Year Ended December 31, 2005

|  | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Over<br>(Under) |
|--|------------------|-----------|-----------|--|
|  | Original         | Final     |           | (Under)  |
| <u>Receipts:</u>                                 |                  |           |           |  |
| Intergovernmental                                | \$ 72,980        | \$ 72,980 | \$ 78,180 | \$ 5,200   |
| Interest   | 1,000            | 1,000     | 1,424     | 424  |
| Miscellaneous                                    | -                | -         | 70        | 70   |
| Total Receipts                                   | 73,980           | 73,980    | 79,674    | 5,694  |
| <u>Disbursements:</u>                            |                  |           |           |  |
| Current:   |                  |           |           |  |
| Public Works                                     | 136,345          | 136,345   | 85,726    | 50,619   |
| Capital Outlay                                   | 15,000           | 15,000    | -         | 15,000   |
| Total Disbursements                              | 151,345          | 151,345   | 85,726    | 65,619   |
| Excess of Receipts Over<br>(Under) Disbursements | (77,365)         | (77,365)  | (6,052)   | 71,313   |
| Net Change in Fund Balances                      | (77,365)         | (77,365)  | (6,052)   | 71,313   |
| Fund Balance at Beginning of Year                | 77,365           | 77,365    | 77,365    | -  |
| Prior Year Encumbrances Appropriated             | -                | -         | -         | -  |
| Fund Balance at End of Year                      | \$ -             | \$ -      | \$ 71,313 | \$ 71,313  |

The accompanying notes are an integral part of these financial statements.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 1 - Reporting Entity

The Pitt Township, Wyandot County, Ohio (the Township), is a body politic and corporate 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.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and fire protection services. Sheriff protection is provided by the Wyandot County Sheriff's Department.

B. Component Units

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

The Township has no component units.

C. Jointly Governed Organizations and Public Entity Risk Pools

The Township does not participate in any jointly governed organizations.

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

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets - cash basis 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 non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies – (continued)

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 all classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's only major governmental funds are the General Fund and Gasoline Tax Fund in 2005 and 2006, as well as the General Bond (Note) Retirement Fund in 2006

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.

Gasoline Tax Fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

General Bond (Note) Retirement Fund is used to account for real estate taxes receipts levied for the payment of fire equipment acquisition bonds.

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.

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, 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.



PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies – (continued)

D. Budgetary Process – (continued)

The appropriations ordinance is the Township's authorization to spend resources and sets limits on cash 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 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 certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance 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 ordinance 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".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

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

During 2006 and 2005, the Township invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006 and 2005.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, Township directives or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 was \$8,466 and \$4,552, respectively.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 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 their 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. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

K. 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. Net assets restricted for other purposes include resources restricted for capital projects and debt service obligations.

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.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies (continued)

L. 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. The Township does not have any fund balance reserves.

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

For calendar year 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For calendar years 2005 and 2006, the Township has implemented the cash basis of accounting as described in Note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance — Budget and Actual — Budgetary Basis are presented for the general fund and the gasoline tax fund and are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 5 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 5 - Deposits and Investments – (continued)

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)

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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.

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. At December 31, 2006 and 2005, \$100,000 of Township's bank balances of \$211,675 and \$219,350 were covered by FDIC insurance. \$111,675 and \$119,350 were exposed to custodial credit risk because these deposits were uninsured and collateralized with securities held by the pledging financial institutions 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.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 5 - Deposits and Investments – (continued)

Investments

As of December 31, 2006 and 2005, the Township had the following investments:

As of December 31, 2006:

|                 | Carrying<br>Value | Maturity |
|-----------------|-------------------|----------|
| STAR Ohio       | \$ 183,120        | Average  |
| Total Portfolio | \$ 183,120        |          |

As of December 31, 2005:

|                 | Carrying<br>Value | Maturity |
|-----------------|-------------------|----------|
| STAR Ohio       | \$ 174,416        | Average  |
| Total Portfolio | \$ 174,416        |          |

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

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 investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of credit risk is defined by the Government Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The Township does not place a limit on the amount it may invest in any one issuer. At December 31, 2006 and 2005, the Township had 100% of its investments with STAR Ohio.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 6 – Debt Obligations

Debt outstanding at December 31, 2006 was as follows:

|                                  | <u>Principal</u> | <u>Interest Rate</u> |
|----------------------------------|------------------|----------------------|
| Fire Equipment Acquisition Bonds | \$ 101,000       | 5.00%                |

Fire Equipment Acquisition Bonds were issued in 2001 to finance the purchase of a new fire truck and equipment. The bonds are collateralized solely by the Township's taxing authority.

The annual requirements to amortize all debt outstanding as of December 31, 2006, including interest payments are scheduled as follows:

| <u>Year Ending<br/>December 31,</u> | <u>Fire<br/>Equipment<br/>Bonds</u> |
|-------------------------------------|-------------------------------------|
| 2007                                | \$ 22,600                           |
| 2008                                | 23,650                              |
| 2009                                | 22,650                              |
| 2010                                | 22,625                              |
| 2011                                | <u>22,550</u>                       |
|                                     | <u>\$ 114,075</u>                   |

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 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 2006 represent the collection of 2005 taxes, and real property tax receipts received in 2005 represent the collection of 2004 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. 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 2006 represent the collection of 2005 taxes, and public utility property tax receipts received in 2005 represent the collection of 2004 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 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 2006 (other than public utility property) represent the collection of 2006 taxes, and tangible personal property receipts received in 2005 (other than public utility property) represent the collection of 2005 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 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.



PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 7 - Property Taxes – (continued)

The full tax rate for all Township operations for the years ended December 31, 2006 and 2005, was \$2.60 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were as follows:

|  | 2005                 |                 | 2006                 |                 |
|--|----------------------|-----------------|----------------------|-----------------|
|  | Amount               | Percent         | Amount               | Percent         |
| Agricultural/Residential                   | \$ 14,597,460        | 80.49 %         | \$ 14,718,680        | 81.80 %         |
| Industrial/Commercial                      | 691,330              | 3.81            | 696,400              | 3.87            |
| Public Utility                             | 48,760               | 0.27            | 48,180               | 0.27            |
| Tangible Personal                          | 2,798,410            | 15.43           | 2,530,579            | 14.06           |
| Total Assessed Value                       | <u>\$ 18,135,960</u> | <u>100.00 %</u> | <u>\$ 17,993,839</u> | <u>100.00 %</u> |
| Tax rate per \$1,000 of assessed valuation | \$ 3.00              |                 | \$ 3.00              |                 |

Note 8 - Risk Management

Risk Pool Membership

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' deductible.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss 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 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 8 - Risk Management – (continued)

Property Coverage

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

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 (the latest information available):

| <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        | \$ 18,141,062 | \$ 17,046,241 |
| <br>                     |               |               |
| <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        | \$ 7,771,765  | \$ 7,045,167  |

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 8 - Risk Management – (continued)

Financial Position – (continued)

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 \$12,451. 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.

|      | Township Contributions to<br>OTARMA |
|------|-------------------------------------|
| 2005 | 6,089                               |
| 2006 | 6,362                               |

The Township joined OTARMA effective July 15, 2005. Prior to that, insurance was obtained from a commercial insurer.

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

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 9 - Defined Benefit Pension Plans – (continued)

A. Ohio Public Employees Retirement System – (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, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006 and 2005, the members of all three plans were required to contribute 9.0 and 8.5 percent of their annual covered salaries, respectively. The Township's contribution rate for pension benefits for 2006 and 2005 were 13.70 and 13.55 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2006, 2005, and 2004 were \$6,587, \$5,970, and \$5,822 respectively. The full amount has been contributed for 2006, 2005 and 2004.

Note 10 - Post-employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment 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 2006 and 2005 local government employer contribution rates were 13.70 and 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 10 - Post-employment Benefits – (continued)

A. Ohio Public Employees Retirement System – (continued)

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

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

The number of active contributing participants in the traditional and combined plans was 369,214. 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 and 2005 which were used to fund post-employment benefits were \$2,354 and \$2,107. 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 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.

Note 11 -Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



# ***E.S. Evans and Company***

**Certified Public Accountants and Consultants**

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P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • E-mail: askus@esevans.com

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

October 15, 2007

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

Pitt Township  
Wyandot County, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pitt Township, Wyandot County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated October 15, 2007, wherein we noted the Township prepared its financial statements following the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Pitt Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pitt Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pitt Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 Pitt 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 a misstatement of Pitt Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Pitt Township's internal control.

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 internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted a certain internal control matter that we reported to Pitt Township's management in separate letter dated October 15, 2007.

### Compliance and Other Matters

As part of reasonably assuring whether Pitt Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

In a separate letter to Pitt Township's management dated October 15, 2007, we reported other matters related to noncompliance.

We intend this report solely for the information and use of management of Pitt Township and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. L. Green and Company".

PITT TOWNSHIP  
WYANDOT COUNTY, OHIO

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SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2006 and 2005

| Finding Number | Finding Summary                              | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|----------------|--|------------------|---|
| 2005-001       | Issue II Funding, receipts and disbursements | Yes              |   |





**Mary Taylor, CPA**  
Auditor of State

**PITT TOWNSHIP**

**WYANDOT COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 15, 2007**