



**SANDUSKY TOWNSHIP
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006-2005



Mary Taylor, CPA
Auditor of State

**SANDUSKY TOWNSHIP
RICHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Modified Cash Basis December 31, 2006.....	9
Statement of Net Assets – Modified Cash Basis December 31, 2005.....	10
Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2006.....	11
Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2005.....	12
Statement of Modified Cash Basis Assets and Fund Balances Governmental Funds December 31, 2006.....	13
Statement of Modified Cash Basis Assets and Fund Balances Governmental Funds December 31, 2005.....	14
Statement of Cash Receipts, Cash Disbursements, and Changes in Modified Cash Basis Fund Balances Governmental Funds For the Year Ended December 31, 2006.....	15
Statement of Cash Receipts, Cash Disbursements, and Changes in Modified Cash Basis Fund Balances Governmental Funds For the Year Ended December 31, 2005.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund For the Year Ended December 31, 2006.....	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund For the Year Ended December 31, 2005.....	18

**SANDUSKY TOWNSHIP
RICHLAND COUNTY**

TABLE OF CONTENTS (Continued)

TITLE	PAGE
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Gasoline Tax Fund For the Year Ended December 31, 2006	19
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Gasoline Tax Fund For the Year Ended December 31, 2005	20
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Road and Bridge Fund For the Year Ended December 31, 2006	21
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Road and Bridge Fund For the Year Ended December 31, 2005	22
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Fire District Fund For the Year Ended December 31, 2006	23
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Fire District Fund For the Year Ended December 31, 2005	24
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Permissive Sales Tax Fund For the Year Ended December 31, 2006	25
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Permissive Sales Tax Fund For the Year Ended December 31, 2005	26
Notes to the Financial Statements	27
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	39



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sandusky Township
Richland County
5201 Hook Road
Crestline, Ohio 44827

To the Board of Township Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky Township, Richland 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. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky Township, Richland County, Ohio, as of December 31, 2006 and 2005, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund, and Permissive Sales Tax Fund thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

May 4, 2007

Sandusky Township, Richland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of Sandusky 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 modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$30,656, or 3.9 percent, an insignificant change from the prior year. The fund most affected by the increase in cash and investments was the General Fund. The Gasoline Tax Fund, Road and Bridge Fund, and Fire District Fund all reflected a decrease in fund balances as of December 31, 2006 due to increase of costs.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent respectively 28.7 and 27.9 percent of the total cash received for governmental activities during the year. Property Tax receipts for 2006 decreased by \$9,769 compared to 2005 as development within the Township slowed.

Key highlights for 2005 are as follows:

Net assets of governmental activities were \$781,977.

The Township's general receipts are primarily property taxes. These receipts represent 36 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 decreased by \$3,891 compared to 2004 as development within the Township slowed.

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 modified cash basis of accounting.

Report Components

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

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

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

Basis of Accounting

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

Sandusky Township, Richland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

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

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

In the statement of net assets and the statement of activities, the Township has one type of activity:

Governmental activities. All of the Township's basic services are reported here, including maintenance of streets and bridges and fire protection. 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 money that is restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for 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, the Gasoline Tax Fund, the Road and Bridge Fund, the Fire District Fund and the Permissive Sales Tax Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Sandusky Township, Richland County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2006 and 2005
 Unaudited

The Township as a Whole

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

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Equity in Pooled Cash and Investments	\$812,633	\$781,977
Net Assets		
Restricted for:		
Other Purposes	622,286	674,178
Unrestricted	190,347	107,799
Total Net Assets	\$812,633	\$781,977

As mentioned previously, net assets of governmental activities increased \$30,656 or 3.9 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Receiving an increase in Estate Tax of \$39,115 compared to 2005.
- Interest Income on investments increased from 4 percent to 5 percent.
- The above increases overcame the extra monies spent on road projects, the purchase of a new truck, and the deficit in revenue to expenses within the Fire District Fund.

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented for 2004. In future years, when prior year information is available, a comparative analysis will be presented.

Sandusky Township, Richland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Cash Receipts:		
Program Receipts:		
Charges for Services and Sales	\$2,065	\$623
Operating Grants, Contributions and Interest	108,073	107,172
Total Program Receipts	110,138	107,795
General Receipts:		
Property Taxes	114,144	123,913
Permissive Sales Tax	38,639	40,446
Grants and Entitlements Not Restricted to Specific Programs	110,821	55,061
Interest	21,727	12,795
Miscellaneous	2,347	4,466
Total General Receipts	287,678	236,681
Total Cash Receipts	397,816	344,476
Cash Disbursements:		
General Government	65,417	79,550
Public Safety	64,745	64,415
Public Works	235,998	155,179
Public Health Services	1,000	1,000
Capital Outlay		29,286
Total Cash Disbursements	367,160	329,430
Change in Net Assets	30,656	15,046
Net Assets, January 1	781,977	766,931
Net Assets, December 31	\$812,633	\$781,977

For 2006 and 2005, program receipts represent 27.7 and 31.3 percent, respectively, of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and interest associated with those monies.

For 2006 and 2005, general receipts represent 72.3 and 68.7 percent, respectively, of the Township's total receipts. Of the general receipts amount in 2006, 39.7 percent is property taxes and 38.5 percent is grants and entitlements not restricted to specific programs. Other receipts are insignificant and somewhat unpredictable revenue sources. Of the general receipts amount in 2005, 52.4 percent is property taxes, 23.3 percent is grants and entitlements not restricted to specific programs, and 17.1 percent is permissive sales tax. Other receipts are insignificant and somewhat unpredictable revenue sources.

Sandusky Township, Richland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Fiscal Officer, part of the costs of the Trustees, costs of the Zoning Inspector, as well as costs of the Township building.

Public Safety disbursements are the cost of fire protection from the City of Crestline; Health disbursements are the donations to the Greenlawn Cemetery Association which lies within the Township limits; and Public Works disbursements are the cost of maintaining the roads.

Governmental Activities

If you look at the statements of activities on pages 11-12, 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 maintenance of the Township roads, which account for \$235,998 and 64.3 percent of all governmental disbursements in 2006 and \$155,179 and 47.1 percent of all governmental disbursements in 2005. General government disbursements also represent a significant cost, about 17.8 percent in 2006 and 24.1 percent in 2005. The next two 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 (Cash Disbursements) Cash Receipts and Changes in Net Assets column compares the program cash receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$65,417	(\$63,552)	\$79,550	(\$78,732)
Public Safety	64,745	(64,745)	64,415	(64,415)
Public Works	235,998	(127,725)	155,179	(48,202)
Health	1,000	(1,000)	1,000	(1,000)
Capital Outlay			29,286	(29,286)
Total Expenses	\$367,160	(\$257,022)	\$329,430	(\$221,635)

The dependence upon property tax receipts is apparent as 31.1 percent of governmental activities are supported through these general receipts in 2006 and 37.6 percent in 2005.

The Township's Funds

For 2006, total governmental funds had receipts of \$397,816 and disbursements of \$367,160. For 2005, total governmental funds had receipts of \$371,476 and disbursements of \$356,430. The greatest change within governmental funds occurred within the General Fund and Gasoline Tax Fund. The fund balance of the General Fund increased \$82,548 in 2006 and \$31,699 in 2005 as the result of receiving additional estate tax revenue each year and the realigning of where health care costs were paid from. The Gasoline Tax Fund decreased \$39,521 in 2006 and increased \$45,632 in 2005. The 2006 decrease was due to the purchase of a new truck. The increase in 2005 was due to the rising cost of gasoline and the repayment of an advance in 2005 from the Issue II project.

Sandusky Township, Richland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

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.

The Township did not amend their General Fund budget during 2006. Final budgeted receipts were \$59,225 and actual receipts were \$136,491. The variance occurred as a result of the Township receiving a large estate tax receipt and receiving more interest revenue than anticipated. Final disbursements were budgeted at \$168,197 while actual disbursements were \$53,943. The Township realigned the payment of health care costs and realigned the Trustees salaries to help keep the Township spending well under the budgeted amount.

During 2005, the Township amended their General Fund budgeted receipts one time and budgeted disbursements four times. None of the amendments were significant. Final budgeted receipts were \$62,642 and actual receipts were \$88,917. The variance occurred as a result of the Township receiving an estate tax receipt and receiving more interest revenue than anticipated. Final disbursements were budgeted at \$139,915 while actual disbursements were \$57,218. The Township realigned the payment of health care costs and realigned the Trustees salaries to help keep the Township spending well under the budgeted amount.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The fire protection payment has exceeded the revenue from the tax levies the past few years, but this should be alleviated by the passage of a new fire levy in November of 2006. We rely heavily on our Tangible Personal Property tax which is being phased out.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens and taxpayers 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 Sally Glauer, Fiscal Officer, Sandusky Township, 5201 Hook Road, Crestline, Ohio, 44827

Sandusky Township
Richland County
Statement of Net Assets - Modified Cash Basis
December, 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$812,633
Net Assets	
Restricted for:	
Other Purposes	622,286
Unrestricted	<u>190,347</u>
<i>Total Net Assets</i>	<u><u>\$812,633</u></u>

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Net Assets - Modified Cash Basis
December, 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$781,977
Net Assets	
Restricted for:	
Other Purposes	674,178
Unrestricted	<u>107,799</u>
<i>Total Net Assets</i>	<u><u>\$781,977</u></u>

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
General Government	\$65,417	\$1,865		(\$63,552)
Public Safety	64,745			(64,745)
Public Works	235,998	200	\$108,073	(127,725)
Health	1,000			(1,000)
<i>Total Governmental Activities</i>	\$367,160	\$2,065	\$108,073	(257,022)
 General Receipts				
Property Taxes Levied for:				
General Purposes				24,099
Road and Bridge				45,020
Fire District				45,025
Permissive Sales Tax				38,639
Grants and Entitlements not Restricted to Specific Programs				110,821
Interest				21,727
Miscellaneous				2,347
				287,678
				Change in Net Assets 30,656
				Net Assets Beginning of Year 781,977
				Net Assets End of Year \$812,633

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire District Fund	Permissive Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Investments	\$190,347	\$227,892	\$156,347	\$53,747	\$118,716	\$65,584	\$812,633
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	190,347						190,347
Special Revenue Funds		227,892	156,347	53,747	118,716	65,584	622,286
<i>Total Fund Balances</i>	<u>\$190,347</u>	<u>\$227,892</u>	<u>\$156,347</u>	<u>\$53,747</u>	<u>\$118,716</u>	<u>\$65,584</u>	<u>\$812,633</u>

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire District Fund	Permissive Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Investments	\$107,799	\$267,413	\$158,110	\$61,973	\$117,586	\$69,096	\$781,977
Fund Balances							
Unreserved:							
Undesignated, Reported in:							
General Fund	107,799						107,799
Special Revenue Funds		267,413	158,110	61,973	117,586	69,096	674,178
<i>Total Fund Balances</i>	<u>\$107,799</u>	<u>\$267,413</u>	<u>\$158,110</u>	<u>\$61,973</u>	<u>\$117,586</u>	<u>\$69,096</u>	<u>\$781,977</u>

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Cash Receipts, Cash Disbursements, and
Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire District Fund	Permissive Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$24,099		\$45,020	\$45,025	\$38,639		\$152,783
Licenses, Permits and Fees	1,545		200				1,745
Intergovernmental	88,595	\$86,202	10,732	11,494		\$5,984	203,007
Interest	21,727	12,638				3,249	37,614
Other	320		2,142				2,462
<i>Total Receipts</i>	<u>136,286</u>	<u>98,840</u>	<u>58,094</u>	<u>56,519</u>	<u>38,639</u>	<u>9,233</u>	<u>397,611</u>
Disbursements							
Current:							
General Government	52,016				13,401		65,417
Public Safety				64,745			64,745
Public Works	927	138,361	59,857		24,108	12,745	235,998
Health	1,000						1,000
<i>Total Disbursements</i>	<u>53,943</u>	<u>138,361</u>	<u>59,857</u>	<u>64,745</u>	<u>37,509</u>	<u>12,745</u>	<u>367,160</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>82,343</u>	<u>(39,521)</u>	<u>(1,763)</u>	<u>(8,226)</u>	<u>1,130</u>	<u>(3,512)</u>	<u>30,451</u>
Other Financing Sources							
Other Financing Sources	205						205
<i>Net Change in Fund Balances</i>	82,548	(39,521)	(1,763)	(8,226)	1,130	(3,512)	30,656
<i>Fund Balances Beginning of Year</i>	107,799	267,413	158,110	61,973	117,586	69,096	781,977
<i>Fund Balances End of Year</i>	<u>\$190,347</u>	<u>\$227,892</u>	<u>\$156,347</u>	<u>\$53,747</u>	<u>\$118,716</u>	<u>\$65,584</u>	<u>\$812,633</u>

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Cash Receipts, Cash Disbursements, and
Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire District Fund	Permissive Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$26,594		\$49,623	\$47,696	\$40,446		\$164,359
Licenses, Permits and Fees	433						433
Intergovernmental	46,415	\$58,521	4,748	4,092	1,024	\$38,834	153,634
Interest	12,795	6,695				1,904	21,394
Other	190		1,976				2,166
<i>Total Receipts</i>	<u>86,427</u>	<u>65,216</u>	<u>56,347</u>	<u>51,788</u>	<u>41,470</u>	<u>40,738</u>	<u>341,986</u>
Disbursements							
Current:							
General Government	55,279				24,104	167	79,550
Public Safety				64,415			64,415
Public Works	939	46,584	65,307		34,469	7,880	155,179
Health	1,000						1,000
Capital Outlay						29,286	29,286
<i>Total Disbursements</i>	<u>57,218</u>	<u>46,584</u>	<u>65,307</u>	<u>64,415</u>	<u>58,573</u>	<u>37,333</u>	<u>329,430</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>29,209</u>	<u>18,632</u>	<u>(8,960)</u>	<u>(12,627)</u>	<u>(17,103)</u>	<u>3,405</u>	<u>12,556</u>
Other Financing Sources (Uses)							
Advances In		27,000					27,000
Advances Out						(27,000)	(27,000)
Other Financing Sources	2,490						2,490
<i>Total Other Financing Sources (Uses)</i>	<u>2,490</u>	<u>27,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(27,000)</u>	<u>2,490</u>
<i>Net Change in Fund Balances</i>	31,699	45,632	(8,960)	(12,627)	(17,103)	(23,595)	15,046
<i>Fund Balances Beginning of Year</i>	76,100	221,781	167,070	74,600	134,689	92,691	766,931
<i>Fund Balances End of Year</i>	<u>\$107,799</u>	<u>\$267,413</u>	<u>\$158,110</u>	<u>\$61,973</u>	<u>\$117,586</u>	<u>\$69,096</u>	<u>\$781,977</u>

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$28,000	\$28,000	\$24,099	(\$3,901)
Licenses, Permits and Fees	200	200	1,545	1,345
Fines and Forfeitures	50	50		(50)
Intergovernmental	26,100	26,100	88,595	62,495
Interest	4,675	4,675	21,727	17,052
Other	150	150	320	170
<i>Total Receipts</i>	<u>59,175</u>	<u>59,175</u>	<u>136,286</u>	<u>77,111</u>
Disbursements				
Current:				
General Government	154,752	154,752	52,016	102,736
Public Works	3,000	3,000	927	2,073
Health	1,000	1,000	1,000	0
Capital Outlay	7,445	7,445		7,445
<i>Total Disbursements</i>	<u>166,197</u>	<u>166,197</u>	<u>53,943</u>	<u>112,254</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(107,022)</u>	<u>(107,022)</u>	<u>82,343</u>	<u>189,365</u>
Other Financing Sources (Uses)				
Transfers Out	(2,000)	(2,000)		2,000
Other Financing Sources	50	50	205	155
<i>Total Other Financing Sources (Uses)</i>	<u>(1,950)</u>	<u>(1,950)</u>	<u>205</u>	<u>2,155</u>
<i>Net Change in Fund Balance</i>	<u>(108,972)</u>	<u>(108,972)</u>	<u>82,548</u>	<u>191,520</u>
<i>Fund Balance Beginning of Year</i>	<u>107,799</u>	<u>107,799</u>	<u>107,799</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>(\$1,173)</u></u>	<u><u>(\$1,173)</u></u>	<u><u>\$190,347</u></u>	<u><u>\$191,520</u></u>

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$27,000	\$27,000	\$26,594	(\$406)
Licenses, Permits and Fees	327	327	433	106
Fines and Forfeitures	50	50		(50)
Intergovernmental	29,870	30,065	46,415	16,350
Interest	5,000	5,000	12,795	7,795
Other	150	150	190	40
<i>Total Receipts</i>	62,397	62,592	86,427	23,835
Disbursements				
Current:				
General Government	132,220	132,415	55,279	77,136
Public Works	2,500	2,500	939	1,561
Health	1,000	1,000	1,000	0
Capital Outlay	1,000	1,000		1,000
<i>Total Disbursements</i>	136,720	136,915	57,218	79,697
<i>Excess of Receipts Over (Under) Disbursements</i>	(74,323)	(74,323)	29,209	103,532
Other Financing Sources (Uses)				
Transfers Out	(3,000)	(3,000)		3,000
Other Financing Sources	50	50	2,490	2,440
<i>Total Other Financing Sources (Uses)</i>	(2,950)	(2,950)	2,490	5,440
<i>Net Change in Fund Balance</i>	(77,273)	(77,273)	31,699	108,972
<i>Fund Balance Beginning of Year</i>	76,100	76,100	76,100	0
<i>Fund Balance End of Year</i>	(\$1,173)	(\$1,173)	\$107,799	\$108,972

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$60,000	\$60,000	\$86,202	\$26,202
Interest	5,000	5,000	12,638	7,638
<i>Total Receipts</i>	65,000	65,000	98,840	33,840
Disbursements				
Current:				
Public Works	332,413	332,413	138,361	194,052
<i>Net Change in Fund Balance</i>	(267,413)	(267,413)	(39,521)	227,892
<i>Fund Balance Beginning of Year</i>	267,413	267,413	267,413	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$227,892	\$227,892

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$30,500	\$35,095	\$58,521	\$23,426
Interest	2,500	2,500	6,695	4,195
<i>Total Receipts</i>	<u>33,000</u>	<u>37,595</u>	<u>65,216</u>	<u>27,621</u>
Disbursements				
Current:				
Public Works	254,601	259,196	46,584	212,612
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(221,601)</u>	<u>(221,601)</u>	<u>18,632</u>	<u>240,233</u>
Other Financing Sources (Uses)				
Advances In			27,000	27,000
Advances Out	(180)	(180)		180
<i>Total Other Financing Sources (Uses)</i>	<u>(180)</u>	<u>(180)</u>	<u>27,000</u>	<u>27,180</u>
<i>Net Change in Fund Balance</i>	<u>(221,781)</u>	<u>(221,781)</u>	<u>45,632</u>	<u>267,413</u>
<i>Fund Balance Beginning of Year</i>	<u>221,781</u>	<u>221,781</u>	<u>221,781</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$267,413</u></u>	<u><u>\$267,413</u></u>

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$48,000	\$48,000	\$45,020	(\$2,980)
Licenses, Permits and Fees	200	200	200	0
Intergovernmental	1,800	1,800	10,732	8,932
Other	1,400	1,400	2,142	742
<i>Total Receipts</i>	51,400	51,400	58,094	6,694
Disbursements				
Current:				
Public Works	194,400	194,400	59,857	134,543
Capital Outlay	15,110	15,110		15,110
<i>Total Disbursements</i>	209,510	209,510	59,857	149,653
<i>Net Change in Fund Balance</i>	(158,110)	(158,110)	(1,763)	156,347
<i>Fund Balance Beginning of Year</i>	158,110	158,110	158,110	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$156,347	\$156,347

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$49,000	\$49,000	\$49,623	\$623
Intergovernmental	3,500	3,500	4,748	1,248
Other	1,500	1,500	1,976	476
<i>Total Receipts</i>	54,000	54,000	56,347	2,347
Disbursements				
Current:				
Public Works	196,070	196,070	65,307	130,763
Capital Outlay	25,000	25,000		25,000
<i>Total Disbursements</i>	221,070	221,070	65,307	155,763
<i>Net Change in Fund Balance</i>	(167,070)	(167,070)	(8,960)	158,110
<i>Fund Balance Beginning of Year</i>	167,070	167,070	167,070	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$158,110	\$158,110

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$48,400	\$48,400	\$45,025	(\$3,375)
Intergovernmental	3,000	3,000	11,494	8,494
<i>Total Receipts</i>	51,400	51,400	56,519	5,119
Disbursements				
Current:				
Public Safety	113,200	113,200	64,745	48,455
<i>Net Change in Fund Balance</i>	(61,800)	(61,800)	(8,226)	53,574
<i>Fund Balance Beginning of Year</i>	61,973	61,973	61,973	0
<i>Fund Balance End of Year</i>	\$173	\$173	\$53,747	\$53,574

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$48,500	\$48,500	\$47,696	(\$804)
Intergovernmental	1,480	1,480	4,092	2,612
Other	20	20		(20)
<i>Total Receipts</i>	50,000	50,000	51,788	1,788
Disbursements				
Current:				
Public Safety	123,427	123,427	64,415	59,012
<i>Net Change in Fund Balance</i>	(73,427)	(73,427)	(12,627)	60,800
<i>Fund Balance Beginning of Year</i>	74,600	74,600	74,600	0
<i>Fund Balance End of Year</i>	\$1,173	\$1,173	\$61,973	\$60,800

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Permissive Sales Tax Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$37,800	\$37,800	\$38,639	\$839
Disbursements				
Current:				
General Government	90,000	90,000	13,401	76,599
Public Works	65,386	65,386	24,108	41,278
<i>Total Disbursements</i>	155,386	155,386	37,509	117,877
<i>Net Change in Fund Balance</i>	(117,586)	(117,586)	1,130	118,716
<i>Fund Balance Beginning of Year</i>	117,586	117,586	117,586	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$118,716	\$118,716

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Statement of Receipts, Disbursements and
Changes In Fund Balance - Budget and Actual - Budget Basis
Permissive Sales Tax Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$37,275	\$37,275	\$40,446	\$3,171
Intergovernmental			1,024	1,024
<i>Total Receipts</i>	<u>37,275</u>	<u>37,275</u>	<u>41,470</u>	<u>4,195</u>
Disbursements				
Current:				
General Government	80,171	80,171	24,104	56,067
Public Works	91,793	91,793	34,469	57,324
<i>Total Disbursements</i>	<u>171,964</u>	<u>171,964</u>	<u>58,573</u>	<u>113,391</u>
<i>Net Change in Fund Balance</i>	(134,689)	(134,689)	(17,103)	117,586
<i>Fund Balance Beginning of Year</i>	<u>134,518</u>	<u>134,518</u>	<u>134,518</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>171</u>	<u>171</u>	<u>171</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$117,586</u></u>	<u><u>\$117,586</u></u>

See accompanying notes to the basic financial statements.

Sandusky Township
Richland County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1 – Reporting Entity

Sandusky Township, Richland 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.

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. Based on this criteria, the Township has no component units.

C. Public Entity Risk Pool

The Township participates in the Ohio Government Risk Management Plan a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a *modified* cash basis of accounting. This *modified* 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 *modified* cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* 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.

Sandusky Township
Richland County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township only has Governmental activities.

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

Fund Financial Statements

During 2006 and 2005, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, the Gasoline Tax Fund, the Road and Bridge Fund, the Fire District Fund, and the Permissive Sales Tax Fund.

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

Sandusky Township
Richland County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (Continued)

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

The Road and Bridge Fund receives property tax for constructing, maintaining, and repairing Township roads and bridges.

Fire District Fund is a special levy fund that receives property taxes for the fire protection services provided by the Crestline Fire Department.

Permissive Sales Tax Fund receives sale tax money from the county to pay for roads and road related expenses.

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

As a result of the use of this *modified* 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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

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

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Investments”.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2006 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, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$21,727 which includes \$17,313 assigned from other Township funds. Interest receipts credited to the General Fund during 2005 was \$12,795, which includes \$11,512 assigned from other Township funds.

F. 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.

G. 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.

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

Note 2 – Summary of Significant Accounting Policies (Continued)

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 road and bridge maintenance and fire protection. 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. There are no Net Assets restricted by enabling legislation.

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.

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. There were no interfund transfers during 2006 or 2005.

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

During 2004 and 2003, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For 2006 and 2005 the Township has implemented the *modified* cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund, and Permissive Sales Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances (if any) are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

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.

Sandusky Township
Richland County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 5 - Deposits and Investments (Continued)

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

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

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

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

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, \$19,141 and \$14,234 of the Township's bank balances of \$119,141 and \$114,234, respectively were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Sandusky Township
 Richland County
 Notes to the Financial Statements
 For the Years Ended December 31, 2006 and 2005

Note 5 - Deposits and Investments (Continued)

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.

Investments

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

	Carrying Value		Average Maturity
	2006	2005	
STAR Ohio	\$736,551	\$681,363	33 days

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations.

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 Township has no investment policy dealing with investment custodial risk beyond the requirements in Ohio Rev. Code Section 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."

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes. Real property taxes received in 2006 and 2005 were levied after October 1, 2005 and 2004, on the assessed values as of January 1, 2005 and 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 and 2005 represent the collection of 2005 and 2004 taxes. Public utility real and tangible personal property taxes received in 2006 and 2005 became a lien on December 31, 2006 and 2005, were levied after October 1, 2005 and 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.

Sandusky Township
Richland County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 6 – Property Taxes (Continued)

Tangible personal property tax receipts received in 2006 and 2005 (other than public utility property) represent the collection of 2006 and 2005 taxes. Tangible personal property taxes received in 2006 and 2005 were levied after October 1, 2005 and 2004, on the true value as of December 31, 2005 and 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006 and 2005, was \$4.60 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 based are as follows:

	<u>2006</u>	<u>2005</u>
Real Property:		
Residential	\$13,555,350	\$12,756,770
Agriculture	2,617,010	2,543,000
Commercial/Industrial/Mineral	3,180,470	3,405,270
Public Utility Property:		
Real	19,060	19,110
Personal	2,556,840	2,914,020
Tangible Personal Property	9,741,720	9,712,560
Total Assessed Value	\$31,670,450	\$31,350,730

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 and 2005, the Township contracted with the Ohio Government Risk Management Plan for various types of insurance coverage. The insurance coverage at December 31, 2006 is as follows:

Type of Coverage	Amount of Coverage	
General Liability	\$2,000,000	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Property	210,735	Coverage Limit
Boiler and Machinery	210,735	Coverage Limit

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 7 – Risk Management (Continued)

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements 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>2005</u>	<u>2004</u>
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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

Sandusky Township
Richland County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 8 – Defined Benefit Pension Plan (Continued)

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 years ended December 31, 2006 and 2005, the members of all three plans were required to contribute 9 and 8.5 percent of their annual covered salaries, respectively. The Township's contribution rate for pension benefits for 2006 and 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$8,217, \$7,744, and \$7,570 respectively. The full amount has been contributed for 2006, 2005 and 2004. Contributions to the member-directed plan were \$8,217 and \$7,744 made by the Township, and \$7,744 and \$6,893, made by the plan members for 2006 and 2005, respectively.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate was 13.55 percent of covered payroll 4 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual Township contributions for 2006 and 2005 which were used to fund postemployment benefits were \$3,442 and \$3,244. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

Sandusky Township
Richland County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 9 - Postemployment Benefits (Continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

Sandusky Township
Richland County
5201 Hook Road
Crestline, Ohio 44827

To the Board of Township Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sandusky Township, Richland 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 May 4, 2007, in which we noted the Township revised its financial presentation to be comparable to the requirements of Government Accounting Standards No. 34. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Township's management in a separate letter dated May 4, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated May 4, 2007.

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



Mary Taylor, CPA
Auditor of State

May 4, 2007



Mary Taylor, CPA
Auditor of State

SANDUSKY TOWNSHIP

RICHLAND 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
JUNE 12, 2007**