

**Washington Township  
Hocking County  
Regular Audit  
For the Years Ended December 31, 2006 and 2005**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Washington Township  
17540 State Route 664 South  
Logan, Ohio 43138

We have reviewed the *Independent Accountants' Report* of Washington Township, Hocking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2005 through 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. Washington Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 11, 2007

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HOCKING COUNTY  
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***Perry & Associates***  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT**

March 30, 2007

Washington Township  
Hocking County  
17540 State Route 664 South  
Logan, Ohio 43138-9541

To the Board of Trustees:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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. We believe our audit provides a reasonable basis for our opinions.

As described more fully in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township as of December 31, 2006 and December 31, 2005, and the respective changes in the cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund and the Fire District Fund thereof for the years ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and December 31, 2005, the Township revised its financial statement 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*.

Washington Township  
Hocking County  
Independent Accountants' Report  
Page 2

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

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

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.



This discussion and analysis of the Washington Township, Hocking County, Ohio's financial performance provides an overall review of the Government's financial activities for the years ended December 31, 2006, and December 31, 2005, within the limitations of the Government's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

### **Highlights**

Key highlights for 2006 are as follows:

- Net assets of governmental activities increased \$19,559, or 10.3 percent from 2005. Cost increases affected most funds.
- The Government's general receipts are primarily "property" and "other" taxes. These receipts represent respectively 60 and 35 percent, respectively, of the general revenues received during the year. Property and income tax receipts for 2006 changed little compared to 2005. The other source of revenue worth noting is Permissive Sales Tax (lodging tax) that is not predictable due to being dependent on the current economy (including gasoline prices).

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$30,917 or 19.5 percent from the prior year. Cost increases affected most funds.
- The Government's general receipts are primarily "property" and "other" taxes. These receipts represent respectively 60 and 28 percent of the general revenues received during the year. Property and income tax receipts for 2005 changed little compared to 2004. The other source of revenue worth noting is Permissive Sales Tax (lodging tax) that is not predictable due to being dependent on the current economy (including gas prices).
- Due to change in Ohio Estate Tax Law, a refund has been paid to an estate in Washington Township by the Hocking County Auditor's Office which will be withheld from the first half 2006 property tax settlement in the sum of \$11,814.

### **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 Government's cash basis of accounting.

### **Report Components**

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

## **Report Components (Continued)**

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government 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 Government 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 Government'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 Government did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Government at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Government's general receipts.

These statements report the Government'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 Government's financial health. Over time, increases or decreases in the Government's cash position is one indicator of whether the Government's financial health is improving or deteriorating. When evaluating the Government's financial condition, you should also consider other non-financial factors as well such as the Government's property tax base, the condition of the Government's capital assets and infrastructure, the extent of the Government'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.

## Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Government's major funds – not the Government as a whole. The Government 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 Government are governmental.

Governmental Funds - Most of the Government's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government'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 Government's programs. The Government'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 Government's major governmental funds are the General, Gasoline, Road and Bridge and Fire Funds. The programs reported in governmental funds agree to those reported in the governmental activities section of the entity-wide statements.

## The Township as a Whole

Table 1.1 provides a summary of the Government's net assets for 2006 compared to 2005 on a cash basis:

(Table 1.1)  
**Net Assets**

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$ 208,922	\$ 189,363
Total Assets	208,922	189,363
<b>Net Assets</b>		
Restricted for:		
Other Purposes	149,430	121,675
Unrestricted	59,492	67,688
Total Net Assets	\$ 208,922	\$ 189,363

As mentioned previously, net assets of governmental activities increased \$19,559 or 10.3 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Permissive Sales tax revenue (General Fund) was \$10,847 more than originally budgeted.

- Motor Vehicle License Tax (Motor Vehicle License Tax Fund) was \$571 more than was originally budgeted.
- Gasoline Tax (Gasoline Tax Fund) was \$8,568 more than was originally budgeted.
- The weather was milder all year requiring lower expenditures for road maintenance.

Table 1.2 provides a summary of the Government's net assets for 2005 compared to 2004 on a cash basis:

(Table 1.2)

**Net Assets**

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 189,363	\$ 158,446
Total Assets	<u>189,363</u>	<u>158,446</u>
<b>Net Assets</b>		
Restricted for:		
Other Purposes	121,675	92,694
Unrestricted	<u>67,688</u>	<u>65,752</u>
Total Net Assets	<u>\$ 189,363</u>	<u>\$ 158,446</u>

As mentioned previously, net assets of governmental activities increased \$30,917 or 19.5 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- An insurance settlement of \$6,580 was received by the Fire Department to replace a vehicle. The vehicle was not replaced. An \$8,000 grant was received by the Fire Department.
- The one full-time employee would normally earn \$20,800 per year. However, due to illness his gross wages were reduced to \$12,125, resulting in \$8,675 less spent this year. Additionally, the employer's share of OPERS of \$1,175 from the Gasoline Tax Fund was not required. Fewer repairs were made on the road equipment in 2005. Winter of 2005 did not require as much overtime and material.
- Audit fees for years 2003 and 2004 were not billed (or audit completed) until March, 2006. However, \$2,880 was anticipated to be paid out for said audit fees in 2005.
- Permissive Sales tax revenue (General Fund) increased \$8,971 more than what was originally budgeted.

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

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

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Operating Grants and Contributions	\$ 108,493	\$ 115,411
Total Program Receipts	108,493	115,411
General Receipts:		
Property and Other Local Taxes	163,279	144,389
Grants and Entitlements Not Restricted to Specific Programs	2,966	2,819
Interest	1,212	906
Miscellaneous	6,091	15,102
Total General Receipts	173,548	163,215
Total Receipts	282,041	278,626
Disbursements:		
General Government	159,482	117,813
Public Safety	30,498	30,412
Public Works	59,835	87,804
Health	3,102	2,277
Debt Service:		
Principal Retirement	6,276	5,981
Interest and Fiscal Charges	3,289	3,422
Total Disbursements	262,482	247,709
Excess (Deficiency) Before Transfers	19,559	30,917
Transfers In	-	7,314
Transfers Out	-	(7,314)
Increase (Decrease) in Net Assets	19,559	30,917
Net Assets, January 1	189,363	158,446
Net Assets, December 31	\$ 208,922	\$ 189,363

In 2006 and 2005, program receipts represent only 38.5 and 41.5 percent of total receipts, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 61.5 and 58.5 percent of the Government's total receipts in 2006 and 2005, respectively.

Disbursements for General Government represent the overhead costs of running the Government and the support services provided for the other Government activities. These include the costs of trustees and the fiscal officer, as well as internal services such as payroll and purchasing. Security of Persons and Property are the costs of fire protection. Public Works is the cost of maintaining the roads. Public Health Services are the cost incurred by the cemeteries. Principal retirement and Interest and Fiscal Charges are the capital lease for the Dozer Fire Substation.

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
General Government	\$ 159,482	\$ (147,128)
Public Safety	30,498	(30,498)
Public Works	59,835	36,304
Health	3,102	(3,102)
Debt Service:		
Principal Retirement	6,276	(6,276)
Interest and Fiscal Charges	3,289	(3,289)
Total Expenses	<u>\$ 262,482</u>	<u>\$ (153,989)</u>

	Total Cost Of Services 2005	Net Cost of Services 2005
General Government	\$ 117,813	\$ (107,333)
Public Safety	30,412	(30,412)
Public Works	87,804	17,127
Health	2,277	(2,277)
Debt Service:		
Principal Retirement	5,981	(5,981)
Interest and Fiscal Charges	3,422	(3,422)
Total Expenses	<u>\$ 247,709</u>	<u>\$ (132,298)</u>

The dependence upon property tax receipts is apparent.

### **The Township's Funds**

In 2006, total governmental funds had receipts of \$282,041 and disbursements of \$262,482. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$27,580. Fewer repairs were made on the road equipment in 2006. The winter of 2006 did not require as much overtime or material.

In 2005 total governmental funds had receipts of \$278,626 and disbursements of \$247,709. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$23,196. This in an average year would have been spent but in 2005 was not spent due to the full-time employee who would normally earn \$20,800 per year being off on unpaid sick leave for an extended period of time and his gross wages being reduced to \$12,125, resulting in \$8,675 less spent this year plus employer's share of OPERS of \$1,175. Fewer repairs were made on the road equipment in 2005. The winter of 2005 did not require as much overtime or material.

### **General Fund Budgeting Highlights**

The Government'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 2006 and 2005, the Government amended its budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

For 2006, final receipts were budgeted at \$93,208 while actual receipts were \$101,399 with a resulting \$8,191 variance. Final disbursements were budgeted at \$160,896 while actual disbursements were \$109,594 for 2006. The result is an excess of actual disbursements over actual receipts of \$8,195 for 2006. Balances carried-forward from 2005 are not included here.

For 2005, final receipts were budgeted at \$81,390, while actual receipts were \$81,173 with a resulting (\$217) variance. Final disbursements were budgeted at \$147,142 while actual disbursements were \$79,237 for 2005. The result is an excess of actual receipts over actual disbursements of \$1,936 for 2005. Balances carried forward from 2004 are not included here.

### **Debt Administration**

#### **Debt**

At December 31, 2006, the Government's only outstanding debt was \$76,522 for Dozer Fire Department Substation, located at 17489 Harble Griffith Road, Logan, Hocking County, Ohio 43138.

At December 31, 2005, the Government's only outstanding debt was \$86,087 for Dozer Fire Department Substation, located at 17489 Harble Griffith Road, Logan, Hocking County, Ohio 43138. \$75,000 was the original loan amount with 4.875 per-cent interest being paid to Peoples Savings Bank. Payments are made on May 15 and November 15 of each year thru November 15, 2014.

### **Current Issues**

We rely heavily on local taxes and have very little industry to support our tax base. Each month the Fiscal Officer provides each of the Trustees with a copy of the Appropriation Status, Fund Status, Purchase Order Status, Charge Register, Payment Register, and Receipt Register and the Fire Chief a copy of the Fire Department's Appropriation Status and Purchase Order Status in an effort for all involved to assist in providing quality service to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding.

### **Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government'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 Sandra K. Reichley, Fiscal Office for Washington Township, Hocking County, Ohio, at 17540 State Route 664 South, Logan, Ohio 43138-9541, Telephone/Answering Machine/Fax 740-385-5770.



**Washington Township, Hocking County**

*Statement of Net Assets - Cash Basis*

*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 208,922
<i>Total Assets</i>	<u>208,922</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	149,430
Unrestricted	<u>59,492</u>
<i>Total Net Assets</i>	<u>\$ 208,922</u>

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

**Washington Township, Hocking County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2006

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>			
General Government	\$ 159,482	\$ 12,354	\$ (147,128)
Public Safety	30,498	-	(30,498)
Public Works	59,835	96,139	36,304
Health	3,102	-	(3,102)
Debt Service:			
Principal	6,276	-	(6,276)
Interest	3,289	-	(3,289)
<i>Total Governmental Activities</i>	<u>\$ 262,482</u>	<u>\$ 108,493</u>	<u>\$ (153,989)</u>
<b>General Receipts</b>			
Property Taxes			103,291
Other Taxes			59,988
Grants and Entitlements not Restricted to Specific Programs			2,966
Interest			1,212
Miscellaneous			6,091
<i>Total General Receipts</i>			<u>173,548</u>
Change in Net Assets			<u>19,559</u>
<i>Net Assets Beginning of Year</i>			<u>189,363</u>
<i>Net Assets End of Year</i>			<u>\$ 208,922</u>

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

**Washington Township, Hocking County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 59,492	\$ 81,843	\$ 19,581	\$ 38,631	\$ 9,375	\$ 208,922
<i>Total Assets</i>	<u>59,492</u>	<u>81,843</u>	<u>19,581</u>	<u>38,631</u>	<u>9,375</u>	<u>208,922</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	59,492	-	-	-	-	59,492
Special Revenue Funds	-	81,843	19,581	38,631	9,375	149,430
<i>Total Fund Balances</i>	<u>\$ 59,492</u>	<u>\$ 81,843</u>	<u>\$ 19,581</u>	<u>\$ 38,631</u>	<u>\$ 9,375</u>	<u>\$ 208,922</u>

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

**Washington Township, Hocking County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 78,187	\$ -	\$ 26,005	\$ 39,093	\$ -	\$ 143,285
Intergovernmental	17,955	85,568	2,965	4,393	20,572	131,453
Interest	767	402	-	-	43	1,212
Other	4,490	326	58	1,217	-	6,091
<i>Total Receipts</i>	<u>101,399</u>	<u>86,296</u>	<u>29,028</u>	<u>44,703</u>	<u>20,615</u>	<u>282,041</u>
<b>Disbursements</b>						
Current:						
General Government	105,886	41,199	2,133	10,264	-	159,482
Public Safety	606	-	-	29,892	-	30,498
Public Works	-	17,517	20,706	-	21,612	59,835
Health	3,102	-	-	-	-	3,102
Debt Service:						
Principal Retirement	-	-	-	6,276	-	6,276
Interest and Fiscal Charges	-	-	-	3,289	-	3,289
<i>Total Disbursements</i>	<u>109,594</u>	<u>58,716</u>	<u>22,839</u>	<u>49,721</u>	<u>21,612</u>	<u>262,482</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,195)	27,580	6,189	(5,018)	(997)	19,559
<i>Fund Balances Beginning of Year</i>	<u>67,688</u>	<u>54,263</u>	<u>13,390</u>	<u>43,649</u>	<u>10,373</u>	<u>189,363</u>
<i>Fund Balances End of Year</i>	<u>\$ 59,493</u>	<u>\$ 81,843</u>	<u>\$ 19,579</u>	<u>\$ 38,631</u>	<u>\$ 9,376</u>	<u>\$ 208,922</u>

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

**Washington Township, Hocking 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			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 64,300	\$ 70,128	\$ 78,187	\$ 8,059
Intergovernmental	13,546	17,490	17,955	465
Interest	600	600	767	167
Other	550	4,990	4,490	(500)
<i>Total receipts</i>	<u>78,996</u>	<u>93,208</u>	<u>101,399</u>	<u>8,191</u>
<b>Disbursements</b>				
Current:				
General Government	119,864	133,876	105,886	27,990
Public Safety	8,000	8,200	606	7,594
Public Works	13,420	13,420	-	13,420
Health	5,400	5,400	3,102	2,298
<i>Total Disbursements</i>	<u>146,684</u>	<u>160,896</u>	<u>109,594</u>	<u>51,302</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(67,688)</u>	<u>(67,688)</u>	<u>(8,195)</u>	<u>59,493</u>
<i>Net Change in Fund Balance</i>	(67,688)	(67,688)	(8,195)	59,493
<i>Fund Balance Beginning of Year</i>	<u>67,688</u>	<u>67,688</u>	<u>67,688</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,493</u>	<u>\$ 59,493</u>

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

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

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	77,000	77,000	85,568	8,568
Interest	200	246	402	156
Other	1,000	1,000	326	(674)
<i>Total receipts</i>	78,200	78,246	86,296	8,050
<b>Disbursements</b>				
Current:				
General Government	61,750	61,796	41,199	20,597
Public Works	69,350	69,350	17,517	51,833
Other	1,363	1,363	-	1,363
<i>Total Disbursements</i>	132,463	132,509	58,716	73,793
<i>Excess of Receipts Over (Under) Disbursements</i>	(54,263)	(54,263)	27,580	81,843
<i>Net Change in Fund Balance</i>	(54,263)	(54,263)	27,580	81,843
<i>Fund Balance Beginning of Year</i>	54,263	54,263	54,263	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 81,843	\$ 81,843

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

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

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 23,450	\$ 28,404	\$ 26,005	\$ (2,399)
Intergovernmental	3,300	3,405	2,965	(440)
Other	40	58	58	-
<i>Total receipts</i>	<u>26,790</u>	<u>31,867</u>	<u>29,028</u>	<u>(2,839)</u>
<b>Disbursements</b>				
Current:				
General Government	1,230	2,630	2,132	498
Public Works	38,950	42,627	20,707	21,920
<i>Total Disbursements</i>	<u>40,180</u>	<u>45,257</u>	<u>22,839</u>	<u>22,418</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,390)</u>	<u>(13,390)</u>	<u>6,189</u>	<u>19,579</u>
<i>Net Change in Fund Balance</i>	(13,390)	(13,390)	6,189	19,579
<i>Fund Balance Beginning of Year</i>	<u>13,390</u>	<u>13,390</u>	<u>13,390</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,579</u>	<u>\$ 19,579</u>

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

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

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 35,150	\$ 42,460	\$ 39,093	\$ (3,367)
Intergovernmental	4,200	4,292	4,393	101
Other	1,100	1,100	1,217	117
<i>Total receipts</i>	<u>40,450</u>	<u>47,852</u>	<u>44,703</u>	<u>(3,149)</u>
<b>Disbursements</b>				
Current:				
General Government	13,125	13,125	10,265	2,860
Public Safety	61,409	68,811	29,891	38,920
Debt Service:				
Principal Retirement	6,276	6,276	6,276	-
Interest and Fiscal Charges	3,289	3,289	3,289	-
<i>Total Disbursements</i>	<u>84,099</u>	<u>91,501</u>	<u>49,721</u>	<u>41,780</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(43,649)</u>	<u>(43,649)</u>	<u>(5,018)</u>	<u>38,631</u>
<i>Net Change in Fund Balance</i>	(43,649)	(43,649)	(5,018)	38,631
<i>Fund Balance Beginning of Year</i>	<u>43,649</u>	<u>43,649</u>	<u>43,649</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,631</u>	<u>\$ 38,631</u>

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



**Washington Township, Hocking County**

*Statement of Net Assets - Cash Basis*

*December 31, 2005*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 189,363
<i>Total Assets</i>	<u>189,363</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	121,675
Unrestricted	<u>67,688</u>
<i>Total Net Assets</i>	<u>\$ 189,363</u>

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

**Washington Township, Hocking County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2005

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>			
General Government	\$ 117,814	\$ 10,480	\$ (107,334)
Public Safety	30,412	-	(30,412)
Public Works	87,803	104,931	17,128
Health	2,277	-	(2,277)
Debt Service:			
Principal	5,981	-	(5,981)
Interest	3,422	-	(3,422)
<i>Total Governmental Activities</i>	<u>\$ 247,709</u>	<u>\$ 115,411</u>	<u>\$ (132,298)</u>
<b>General Receipts</b>			
Property Taxes			98,608
Other Taxes			45,781
Grants and Entitlements not Restricted to Specific Programs			2,818
Interest			906
Miscellaneous			15,102
<i>Total General Receipts</i>			<u>163,215</u>
Change in Net Assets			<u>30,917</u>
<i>Net Assets Beginning of Year</i>			<u>158,446</u>
<i>Net Assets End of Year</i>			<u>\$ 189,363</u>

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

**Washington Township, Hocking County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2005*

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 67,688	\$ 54,263	\$ 13,390	\$ 43,649	\$ 10,373	\$ 189,363
<i>Total Assets</i>	<u>67,688</u>	<u>54,263</u>	<u>13,390</u>	<u>43,649</u>	<u>10,373</u>	<u>189,363</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	67,688	-	-	-	-	67,688
Special Revenue Funds	-	54,263	13,390	43,649	10,373	121,675
<i>Total Fund Balances</i>	<u>\$ 67,688</u>	<u>\$ 54,263</u>	<u>\$ 13,390</u>	<u>\$ 43,649</u>	<u>\$ 10,373</u>	<u>\$ 189,363</u>

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

**Washington Township, Hocking County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 65,919	\$ -	\$ 24,812	\$ 37,379	\$ -	\$ 128,110
Intergovernmental	14,580	76,841	3,319	12,179	27,589	134,508
Interest	642	222	-	-	42	906
Other	32	1,121	40	13,909	-	15,102
<i>Total Receipts</i>	<u>81,173</u>	<u>78,184</u>	<u>28,171</u>	<u>63,467</u>	<u>27,631</u>	<u>278,626</u>
<b>Disbursements</b>						
Current:						
General Government	68,866	38,603	800	9,544	-	117,813
Public Safety	543	-	-	29,869	-	30,412
Public Works	7,551	20,667	36,837	-	22,749	87,804
Health	2,277	-	-	-	-	2,277
Debt Service:						
Principal Retirement	-	-	-	5,981	-	5,981
Interest and Fiscal Charges	-	-	-	3,422	-	3,422
<i>Total Disbursements</i>	<u>79,237</u>	<u>59,270</u>	<u>37,637</u>	<u>48,816</u>	<u>22,749</u>	<u>247,709</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,936</u>	<u>18,914</u>	<u>(9,466)</u>	<u>14,651</u>	<u>4,882</u>	<u>30,917</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	4,282	1,699	-	1,333	7,314
Transfers Out	-	-	-	-	(7,314)	(7,314)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>4,282</u>	<u>1,699</u>	<u>-</u>	<u>(5,981)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	1,936	23,196	(7,767)	14,651	(1,099)	30,917
<i>Fund Balances Beginning of Year</i>	<u>65,752</u>	<u>31,067</u>	<u>21,157</u>	<u>28,998</u>	<u>11,472</u>	<u>158,446</u>
<i>Fund Balances End of Year</i>	<u>\$ 67,688</u>	<u>\$ 54,263</u>	<u>\$ 13,390</u>	<u>\$ 43,649</u>	<u>\$ 10,373</u>	<u>\$ 189,363</u>

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

**Washington Township, Hocking 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			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 57,800	\$ 64,048	\$ 65,919	\$ 1,871
Intergovernmental	15,082	15,711	14,580	(1,131)
Interest	400	531	642	111
Other	1,100	1,100	32	(1,068)
<i>Total receipts</i>	<u>74,382</u>	<u>81,390</u>	<u>81,173</u>	<u>(217)</u>
<b>Disbursements</b>				
Current:				
General Government	109,810	120,145	68,866	51,279
Public Safety	12,500	9,700	543	9,157
Public Works	12,314	12,314	7,551	4,763
Health	5,510	4,983	2,277	2,706
<i>Total Disbursements</i>	<u>140,134</u>	<u>147,142</u>	<u>79,237</u>	<u>67,905</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(65,752)</u>	<u>(65,752)</u>	<u>1,936</u>	<u>67,688</u>
<i>Net Change in Fund Balance</i>	(65,752)	(65,752)	1,936	67,688
<i>Fund Balance Beginning of Year</i>	<u>65,752</u>	<u>65,752</u>	<u>65,752</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,688</u>	<u>\$ 67,688</u>

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

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

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Intergovernmental	\$ 58,000	\$ 70,265	\$ 76,841	\$ 6,576
Interest	200	200	222	22
Other	-	1,121	1,121	-
<i>Total receipts</i>	<u>58,200</u>	<u>71,586</u>	<u>78,184</u>	<u>6,598</u>
<b>Disbursements</b>				
Current:				
General Government	53,820	54,664	38,603	16,061
Public Works	35,447	47,982	20,667	27,315
Other	-	7	-	7
<i>Total Disbursements</i>	<u>89,267</u>	<u>102,653</u>	<u>59,270</u>	<u>43,383</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,067)</u>	<u>(31,067)</u>	<u>18,914</u>	<u>49,981</u>
<b>Other Financing Sources (Uses)</b>				
<i>Transfers In</i>	-	4,282	4,282	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>4,282</u>	<u>4,282</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(31,067)	(26,785)	23,196	49,981
<i>Fund Balance Beginning of Year</i>	<u>31,067</u>	<u>31,067</u>	<u>31,067</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 4,282</u>	<u>\$ 54,263</u>	<u>\$ 49,981</u>

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

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

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 25,500	\$ 27,327	\$ 24,812	\$ (2,515)
Intergovernmental	3,000	3,319	3,319	-
Other	50	50	40	(10)
<i>Total receipts</i>	<u>28,550</u>	<u>30,696</u>	<u>28,171</u>	<u>(2,525)</u>
<b>Disbursements</b>				
Current:				
General Government	1,199	1,199	800	399
Public Works	48,508	50,654	36,837	13,817
<i>Total Disbursements</i>	<u>49,707</u>	<u>51,853</u>	<u>37,637</u>	<u>14,216</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(21,157)</u>	<u>(21,157)</u>	<u>(9,466)</u>	<u>11,691</u>
<b>Other Financing Sources (Uses)</b>				
<i>Transfers In</i>	-	1,699	1,699	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>1,699</u>	<u>1,699</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(21,157)	(19,458)	(7,767)	11,691
<i>Fund Balance Beginning of Year</i>	<u>21,157</u>	<u>21,157</u>	<u>21,157</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 1,699</u>	<u>\$ 13,390</u>	<u>\$ 11,691</u>

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

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

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 38,350	\$ 40,908	\$ 37,379	\$ (3,529)
Intergovernmental	3,500	12,179	12,179	-
Other	-	13,329	13,909	580
<i>Total receipts</i>	<u>41,850</u>	<u>66,416</u>	<u>63,467</u>	<u>(2,949)</u>
<b>Disbursements</b>				
Current:				
General Government	16,400	14,430	9,544	4,886
Public Safety	45,045	71,581	29,869	41,712
Debt Service:				
Principal Retirement	5,981	5,981	5,981	-
Interest and Fiscal Charges	3,422	3,422	3,422	-
<i>Total Disbursements</i>	<u>70,848</u>	<u>95,414</u>	<u>48,816</u>	<u>46,598</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(28,998)</u>	<u>(28,998)</u>	<u>14,651</u>	<u>43,649</u>
<i>Net Change in Fund Balance</i>	(28,998)	(28,998)	14,651	43,649
<i>Fund Balance Beginning of Year</i>	<u>28,998</u>	<u>28,998</u>	<u>28,998</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,649</u>	<u>\$ 43,649</u>

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



**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Note 1 – Reporting Entity**

Washington Township, Hocking 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.

**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, cemetery maintenance, and fire protection services.

**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 of 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 of the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

**C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools**

The Township does not participate in any joint ventures, jointly governed organizations. The Township participates in a public entity risk pool. Note 7 to the financial statements provide 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**

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.

**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**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 that 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 usually 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 non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business type activities.

The statement of net assets presents the cash balance and debt 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 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.

**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 consist of governmental funds.

**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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 major governmental funds are the General, Gasoline, Road and Bridge and Fire Funds. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund receives gasoline excise tax and cents per gallon money to pay for constructing, maintaining and repairing Township Roads. The Road and Bridge Fund receives property tax money to also pay for constructing, maintaining and repairing Township Roads. The Fire Fund receives property tax money to provide fire protection to the Township.

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

C. Basis of Accounting

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses 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 certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. A tax budget is not required to be filed with the Hocking County Budget Commission commencing tax year 2001. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

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

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

**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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.

In compliance with the GASB guidelines, the Township has no investments.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$767, which includes \$395 assigned from other Township funds. Interest receipts credited to the General Fund during 2005 was \$642, which includes \$315 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. 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 cash basis of accounting.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, 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.

**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**J. Long-Term Obligations (Continued)**

Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception.

**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 use and fire department use. 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.

**L. Interfund Transactions**

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

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

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

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, gasoline fund, road and bridge fund, and fire 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 that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and that outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). There were no encumbrances or advances outstanding at either year end (budgetary basis).

**Note 5 – Deposits and Investments**

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

**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Note 5 – Deposits and Investments (Continued)**

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

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

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

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

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

**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
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**Note 5 – Deposits and Investments (Continued)**

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**

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. The carrying amount of the Township's deposits was \$208,922 and \$189,363 and the bank balance was \$223,784 and \$208,369 at December 31, 2006 and December 31, 2005, respectively. All of the bank balance was secured by collateral for both years.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on assessed values as of January 1, 2004, the lien date. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005.

**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
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**Note 6 – Property Taxes (Continued)**

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, 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 property tax receipts were based are as follows:

Real Property:	
Residential	\$ 16,398,570
Agriculture	3,664,080
Commercial/Industrial/Mineral	876,430
Public Utility Property:	
Personal	2,313,440
Tangible Personal Property	20,330
Total Assessed Value	<u><u>\$ 23,272,850</u></u>

The full tax rate for all Township operations for the year ended December 31, 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 2005 property tax receipts were based are as follows:

Real Property:	
Residential	\$ 16,184,550
Agriculture	3,583,020
Commercial/Industrial/Mineral	876,800
Public Utility Property:	
Personal	2,336,340
Tangible Personal Property	40,810
Total Assessed Value	<u><u>\$ 23,021,520</u></u>

**Note 7 – Risk Management**

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



**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005  
Unaudited

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**Note 7 – Risk Management (Continued)**

OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

General Liability	\$2,000,000 per Occurrence
Automobile Liability	\$2,000,000 Per Occurrence
Wrongful Acts Coverage	\$2,000,000 Per Occurrence
Property	Total Coverage
Machinery	Limit

The Township pays the State Workers' Compensation System a premium (Frank Gates is the Managed Care Organization for the Township) based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs. The System administers and pays all claims.

Beginning with 2006 insurance renewals, the Township contracted with OSFA/VIS of Ohio Group Insurance and EMC and Old Republic Insurance, through Ohio Public Risks Insurance Agency, Inc. Coverage provided is as follows:

General Liability	\$1,000,000 per Occurrence
Automobile Liability	\$1,000,000 Per Occurrence
Wrongful Acts Coverage	\$1,000,000 Per Occurrence
Property	Total Coverage
Machinery	Limit
Employee Benefit	\$1,000,000 Per Occurrence

**Note 8 – Defined Benefit Pension Plan**

**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 5 years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

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

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

**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
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**Note 8 – Defined Benefit Pension Plan (Continued)**

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.0 percent. The 2006 employer contribution rate for township employers was 13.7 percent of covered payroll. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The 2005 employer contribution rate for township employers was 13.55 percent of covered payroll. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, 2004, and 2003 were \$9739, \$9,124, \$8,704, and \$7,500, respectively. The full amount has been contributed for all years. No contributions were made to the member-directed plan.

**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 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.55 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care.

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

**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
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**Note 9 - Postemployment Benefits (Continued)**

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 376,106 for 2005 and figures were not yet available for 2006. Actual employer contributions for 2005 which were used to fund postemployment benefits were not yet available for 2005 or 2006. The actual contribution and the actuarially required contribution amounts are the same OPERS' net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**Note 10 – Leases**

The Township obtained a lease rental agreement from Ohio Township Association Leasing, LLC, in 2004 for the construction of Dozer Fire Substation. The original lease agreement was for \$75,000 for ten years. The Township disbursed lease payments of \$9,565 in 2005 and \$9,565 in 2006. Future lease payments are as follows:

Year Ending	Payment
2007	\$ 9,565
2008	9,565
2009	9,565
2010	9,565
2011-2014	<u>38,262</u>
Total	<u>\$76,522</u>

**Note 12 – Interfund Transfers**

During 2005 the following transfers were made out of the Miscellaneous Special Revenue Fund (FEMA):

Fund	Amount
Motor Vehicle License Fund	\$1,333
Gasoline Tax	4,282
Road and Bridge	<u>1,699</u>
Total	<u>\$7,314</u>

**Washington Township, Hocking County, Ohio**  
Notes to the Financial Statements  
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Unaudited

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**Note 13- Contingent Liabilities**

The Township is currently not party to any litigation.

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.

***Perry & Associates***  
**Certified Public Accountants, A.C.**

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

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

March 30, 2007

Washington Township  
Hocking County  
17540 State Route 664 South  
Logan, Ohio 43138-9541

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Township, Hocking County, (the Township), as of and for the years ended December 31, 2006 and December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 30, 2007, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. 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 a 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.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's basic 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 intend this report solely for the information and use of management, and township trustees. It is not intended for anyone other than these specified parties.

Respectfully Submitted

Perry and Associates  
Certified Public Accountants, A.C.

**Washington Township  
Hocking County**

**Schedule of Prior Audit Findings  
December 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC § 5705.28 – failure to adopt a tax budget on or before July 15.	Yes	
2004-002	ORC § 5705.40 – actual expenditures exceeded appropriations.	Yes	
2004-003	ORC § 5705.41 (D) – failure to issue purchase orders prior to invoices or services rendered.	Yes	







**Mary Taylor, CPA**  
Auditor of State

**WASHINGTON TOWNSHIP**

**HOCKING 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  
MAY 24, 2007**