

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2006 and 2005

LAURA HOLMES, FISCAL OFFICER



Mary Taylor, CPA

Auditor of State

Board of Trustees
Westland Township
2640 Holmes Road
New Concord, Ohio 43762

We have reviewed the *Independent Auditor's Report* of Westland Township, Guernsey County, prepared by Julian & Grube, Inc., 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 3, 2007

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**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Westland Township
Guernsey County
2640 Holmes Road
New Concord, OH 43762

We have audited the accompanying financial statements of Westland Township, Guernsey County, (the Township) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Township prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

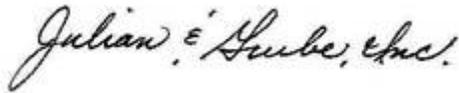
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Westland Township, Guernsey County as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of Westland Township, Guernsey County as of December 31, 2006 and December 31, 2005, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

Independent Auditor's Report
Page Two

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Township has not presented Management's Discussion and Analysis which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 20, 2007

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2006 AND 2005

<u>Cash and Cash Equivalents</u>	<u>2006</u>	<u>2005</u>
Cash and Cash Equivalents	\$ 89,043	\$ 121,638
Total Cash and Cash Equivalents	<u>\$ 89,043</u>	<u>\$ 121,638</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 10,930	\$ 13,031
Special Revenue Funds	77,745	108,240
Permanent Fund	<u>368</u>	<u>367</u>
Total Governmental Fund Types	<u>89,043</u>	<u>121,638</u>
Total Fund Balances	<u>\$ 89,043</u>	<u>\$ 121,638</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash receipts:					
Local taxes	\$ 44,132	\$ 77,571	\$ -	\$ -	\$ 121,703
Intergovernmental	19,264	107,579	17,148	-	143,991
Licenses, permits and fees	-	4,385	-	-	4,385
Interest	1,996	796	-	1	2,793
Miscellaneous	597	-	-	-	597
Total cash receipts	<u>65,989</u>	<u>190,331</u>	<u>17,148</u>	<u>1</u>	<u>273,469</u>
Cash disbursements:					
Current:					
General government	67,303	410	-	-	67,713
Public safety	-	27,626	-	-	27,626
Public works	381	172,912	-	-	173,293
Health	406	2,339	-	-	2,745
Capital outlay	-	57,539	17,148	-	74,687
Total cash disbursements	<u>68,090</u>	<u>260,826</u>	<u>17,148</u>	<u>-</u>	<u>346,064</u>
Total cash receipts over (under) cash disbursements	(2,101)	(70,495)	-	1	(72,595)
Other financing receipts/(disbursements):					
Proceeds from sale of notes	-	40,000	-	-	40,000
Total other financing receipts/(disbursements)	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(2,101)	(30,495)	-	1	(32,595)
Cash fund balances, January 1, 2006	<u>13,031</u>	<u>108,240</u>	<u>-</u>	<u>367</u>	<u>121,638</u>
Cash fund balances, December 31, 2006	<u>\$ 10,930</u>	<u>\$ 77,745</u>	<u>\$ -</u>	<u>\$ 368</u>	<u>\$ 89,043</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2006 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2006 Appropriations	Total	Actual 2006 Disbursements	Encumbrances Outstanding at 12/31/06	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 18,191	\$ 58,957	\$ 77,148	\$ 65,989	\$ 7,032	\$ 4,982	\$ 72,167	\$ 77,149	\$ 68,090	\$ 447	\$ 68,537	\$ 8,612
Special Revenue	119,794	203,050	322,844	230,331	27,129	11,490	249,838	261,328	260,826	444	261,270	58
Debt Service	-	17,148	17,148	17,148	-	-	17,148	17,148	17,148	-	17,148	-
Permanent	367	10	377	1	(9)	-	177	177	-	-	-	177
Total (Memorandum Only)	\$ 138,352	\$ 279,165	\$ 417,517	\$ 313,469	\$ 34,152	\$ 16,472	\$ 339,330	\$ 355,802	\$ 346,064	\$ 891	\$ 346,955	\$ 8,847

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash receipts:					
Local taxes	\$ 42,790	\$ 71,518	\$ -	\$ -	\$ 114,308
Intergovernmental	25,979	110,779	16,899	-	153,657
Licenses, permits and fees	-	5,325	-	-	5,325
Interest	2,359	775	-	1	3,135
Miscellaneous	55	-	-	-	55
Total cash receipts	<u>71,183</u>	<u>188,397</u>	<u>16,899</u>	<u>1</u>	<u>276,480</u>
Cash disbursements:					
Current:					
General government	72,048	199	-	-	72,247
Public safety	37	11,583	-	-	11,620
Public works	813	144,053	-	-	144,866
Health	1,123	2,617	-	-	3,740
Capital outlay	65	-	16,899	-	16,964
Total cash disbursements	<u>74,086</u>	<u>158,452</u>	<u>16,899</u>	<u>-</u>	<u>249,437</u>
Total cash receipts over/(under) cash disbursements	(2,903)	29,945	-	1	27,043
Cash fund balances, January 1, 2005	<u>15,934</u>	<u>78,295</u>	<u>-</u>	<u>366</u>	<u>94,595</u>
Cash fund balances, December 31, 2005	<u>\$ 13,031</u>	<u>\$ 108,240</u>	<u>\$ -</u>	<u>\$ 367</u>	<u>\$ 121,638</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2005 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2005 Appropriations	Total	Actual 2005 Disbursements	Encumbrances Outstanding at 12/31/05	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 15,934	\$ 61,205	\$ 77,139	\$ 71,183	\$ 9,978	\$ 3,083	\$ 75,710	\$ 78,793	\$ 74,086	\$ 4,982	\$ 79,068	\$ (275)
Special Revenue	78,297	160,109	238,406	188,397	28,288	1,974	229,990	231,964	138,452	11,790	169,942	62,022
Debt Service	-	16,899	16,899	16,899	-	-	16,899	16,899	16,899	-	16,899	-
Permanent	366	-	366	1	1	-	-	-	-	-	-	-
Total (Memorandum Only)	\$ 94,597	\$ 238,213	\$ 332,810	\$ 276,480	\$ 38,267	\$ 5,057	\$ 322,599	\$ 327,656	\$ 229,437	\$ 16,772	\$ 265,909	\$ 61,747

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE ENTITY

Westland Township, Guernsey County, Ohio, (the "Township") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and cemetery maintenance. The Township contracts with the Village of New Concord and the Cassell Station Volunteer Fire Department to provide fire and emergency medical services.

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

The most significant of the Township's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The Township uses fund accounting to segregate cash and cash equivalents that are restricted as to use. The Township classifies its funds into the following types:

Governmental Fund Types

General Fund

The general fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes.

The Township had the following significant special revenue funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township had the following significant Capital Project Fund:

Local Public Works Fund - The Township received funds from the Guernsey County Engineer to fund Township road projects.

Permanent Fund

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following permanent fund:

Ida Henn Bequest Fund - The Township received funds from a bequest to maintain a portion of the cemetery.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the item level within a fund. Any budgetary modifications at this level may only be made by resolution of the Township's Board of Trustees. The Township had no modifications for the year ended December 31, 2006 and one modification for the year ended December 31, 2005.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Appropriations:

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the legal level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Encumbrances:

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Township had outstanding encumbrances at December 31, 2006 and 2005.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Township totaled \$2,793 and \$3,135 for the years ended December 31, 2006 and 2005, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Township.

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 – COMPLIANCE

Ohio Revised Code Section 5705.41 (D) states no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Township was in noncompliance for 2006 and 2005.

NOTE 4 - CASH AND CASH EQUIVALENTS

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and cash equivalents at December 31 was as follows:

	<u>2006</u>	<u>2005</u>
Deposits:		
Demand deposits	<u>\$ 89,043</u>	<u>\$ 121,638</u>

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by a pool of securities held by the Township's financial institution.

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts.

Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due on the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

NOTE 6 - DEBT OBLIGATION

At December 31, 2006, debt obligations consisted of the following issuance:

<u>Description:</u>	<u>Balance at 12/31/2006</u>
2006 note for the purpose of purchasing a truck, due in annual installments of \$10,000 bearing interest of 4.86% due in 2010.	\$ 40,000
Balance at December 31, 2006	<u>\$ 40,000</u>

Transactions for the years ended December 31, 2006 are summarized as follows:

<u>Description</u>	<u>Balance 12/31/05</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance 12/31/06</u>
2006 Truck Note	\$ -	\$ 40,000	\$ -	\$ 40,000
Total All Funds	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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

NOTE 6 - DEBT OBLIGATION - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2006 are as follows:

Year Ending December 31,	Truck Note	
	Principal	Interest
2007	\$ 10,000	\$ 1,261
2008	10,000	1,261
2009	10,000	1,261
2010	10,000	1,266
Totals	\$ 40,000	\$ 5,049

NOTE 7 - RETIREMENT SYSTEM

The Township's employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS' is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005 members of OPERS contributed 9% and 8.5% of their gross salaries, respectively. The Township contributed an amount equal to 13.70% and 13.55% of participants' gross salaries, respectively. The Township has paid all contributions required through December 31, 2006.

NOTE 8 - RISK MANAGEMENT

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

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

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

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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

NOTE 8 - RISK MANAGEMENT - (Continued)

Casualty Coverage

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

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

Property Coverage

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

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

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

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

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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

NOTE 8 - RISK MANAGEMENT - (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$8,800. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO**

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

NOTE 8 - RISK MANAGEMENT - (Continued)

<u>Contributions to OTARMA</u>	
2005	\$4,474
2006	\$4,402

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

The Township also provides health, vision and dental insurance coverage to full-time employees through a private carrier.

NOTE 9 - CONTINGENT LIABILITIES

The Township is not currently involved in litigation.



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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Westland Township
Guernsey County
2640 Holmes Road
New Concord, OH 43762

We have audited the financial statements of Westland Township as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 20, 2007, wherein we noted Westland Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, 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 Westland Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement or the Westland Township's financial statements that is more than inconsequential will not be prevented or detected by the Westland Township's internal control.

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

Board of Trustees
Westland Township

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

Compliance and Other Matters

As part of obtaining reasonable assurance whether Westland Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2006-WT-001.

We noted certain matters that we reported to the management of Westland Township in a separate letter dated June 20, 2007.

Westland Township's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Westland Township's response, and accordingly, we express no opinion on it.

This report is intended for the information of the Trustees and management of Westland Township, and is not intended to be and should not be used by anyone other than those specified.



Julian & Grube, Inc.
June 20, 2007

**WESTLAND TOWNSHIP
GUERNSEY COUNTY, OHIO
DECEMBER 31, 2006 AND 2005**

SCHEDULE OF FINDINGS AND RESPONSES

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2006-WT-001

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

For the year ended December 31, 2006, 10 out of 65 expenditures tested were not certified timely and 16 out of 47 expenditures tested were not certified timely for the year ended December 31, 2005.

Without certification, the Township may expend more funds than available in the Treasury, in the process of collection or then funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money to be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Board and distributed at least annually may be beneficial. The Township should consider using the “Then” and “Now” certificates where applicable.

Client Response: The Township Clerk/Treasurer is attempting to create and utilize the purchase order system.



Mary Taylor, CPA
Auditor of State

WESTLAND TOWNSHIP

GUERNSEY 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
AUGUST 16, 2007**