



Mary Taylor, CPA
Auditor of State

**HENRY TOWNSHIP
WOOD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets-Modified Cash Basis	10
Statement of Activities-Modified Cash Basis	11
Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balances - Governmental Funds	12
Statement of Cash Receipts, Disbursements, and Changes in Modified - Cash Basis Fund Balances - Governmental Funds.....	13
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual Comparison - Budgetary Basis - General Fund	14
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual Comparison - Budgetary Basis – Gasoline Tax Fund.....	15
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual Comparison - Budgetary Basis – Road and Bridges Fund	16
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual Comparison - Budgetary Basis – Fire District Fund.....	17
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual Comparison - Budgetary Basis – Road District Fund	18
Notes to the Basic Financial Statements	19
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29
Schedule of Findings.....	31
Schedule of Prior Audit Finding	33

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Henry Township
Wood County
421 N. Main Street
North Baltimore, Ohio 45872-1138

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 Henry Township, Wood County, Ohio (the Township), as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Henry Township, Wood County, Ohio, as of December 31, 2004, and the respective changes in modified cash financial position and the budgetary comparison for the General, Gasoline Tax, Road and Bridge, Fire District, and Road District Funds, thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2004, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



Mary Taylor, CPA
Auditor of State

January 18, 2007

**HENRY TOWNSHIP
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED**

This discussion and analysis of Henry Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2004, within the limitations of the Township's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2004 are as follows:

- Net assets of governmental activities decreased \$9,736 or 14 percent, a significant change from the prior year. The fund most affected by the decrease in was the Road and Bridge Fund, which realized the greatest burden of increased costs in 2004; however, cost increases affected most funds.
- The Township's general receipts are primarily property taxes. These receipts represent 55 percent of the total cash received for governmental activities during the year. Property tax receipts for 2004 changed very little compared to 2003 as development within the Township has been very consistent.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

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

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

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

Basis of Accounting

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

**HENRY TOWNSHIP
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each 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 Township's general receipts.

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

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

Reporting the Township's Most Significant Funds

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

Governmental Funds - The Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds include the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund, and the Road District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**HENRY TOWNSHIP
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2004 compared to 2003 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2004	2003
Assets		
Cash and Cash Equivalents	\$59,177	\$68,913
Total Assets	\$59,177	\$68,913
 Net Assets		
Restricted for:		
Other Purposes	43,902	56,425
Unrestricted	15,275	12,488
Total Net Assets	\$59,177	\$68,913

As mentioned previously, net assets of governmental activities decreased \$ 9,736 or 14 percent during 2004. The primary reasons contributing to the decreases in cash balances are as follows:

- The Township had a much more aggressive road repair campaign during 2004 repairing several roads that were in very poor condition.
- In 2004, the Township made the final payment on the pick-up truck lease as well as a lease payment on the tractor lease. These payments totaled approximately \$ 17,000.
- Health benefit costs grew primarily in the Cancer/Intensive Care coverage area.

**HENRY TOWNSHIP
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

The Township as a Whole

Table 2 reflects the changes in net assets in 2004. Since the Township did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Assets

	<u>Governmental Activities 2004</u>
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$8,231
Operating Grants and Contributions	94,251
Total Program Receipts	<u>102,482</u>
General Receipts:	
Property and Other Local Taxes	147,271
Grants and Entitlements Not Restricted to Specific Programs	32,637
Interest	345
Miscellaneous	737
Total General Receipts	<u>180,990</u>
Total Receipts	<u>283,472</u>
Disbursements:	
General Government	89,380
Public Safety	22,773
Public Works	168,284
Capital Outlay	12,771
Total Disbursements	<u>293,208</u>
Decrease in Net Assets	(9,736)
Net Assets, January 1, 2004	68,913
Net Assets, December 31, 2004	<u><u>\$59,177</u></u>

Program receipts represent 36 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

**HENRY TOWNSHIP
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

The Township as a Whole

General receipts represent 64 percent of the Township's total receipts, and of this amount, over 81 percent are local taxes. State grants and entitlements make up the balance of the Township's general receipts (18 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the trustees and the clerk, as well as internal services such as payroll and purchasing and benefits for the road workers. Since these costs do not represent direct services to residents, we try to limit these costs as much as possible.

Public Safety is the cost of fire protection and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works and General Government, which account for 57 and 30 percent of all governmental disbursements, respectively. Public safety also represents a significant cost, about 8 percent. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2004	Net Cost of Services 2004
General Government	\$89,380	\$89,380
Public Safety	22,773	22,123
Public Works	168,284	66,452
Capital Outlay	12,771	12,771
Total Expenses	<u>\$293,208</u>	<u>\$190,726</u>

The dependence upon property tax receipts is apparent as over 46 percent of governmental activities are supported through these general receipts.

**HENRY TOWNSHIP
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

The Township's Funds

Total governmental funds had receipts of \$ 283,472 and disbursements of \$293,208. The greatest change within governmental funds occurred within the Road and Bridge Fund. The fund balance of the Road and Bridge Fund decreased \$12,251 as the result of the aggressive road repair program undertaken by the Township during 2004.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2004, the Township amended its General Fund budget a few times to reflect changing circumstances.

Final disbursements and other financing uses in the General Fund were budgeted at \$ 113,661 while actual disbursements and other financing uses were \$85,749. Although receipts failed to live up to expectations, appropriations were not reduced. The Township kept spending under budgeted amounts as demonstrated by the minor reported variances. The result is the increase in fund balance of \$1,392 for 2004

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure although an inventory is prepared as required for the Wood County Engineer.

Debt

At December 31, 2004, the Township did not have any outstanding debt. However, it did have \$10,282 remaining to be paid in 2005 on an equipment lease. For further information regarding the Township's lease, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. However, here in Henry Township we are now able to do more road repair and maintenance thanks to the passage of the additional 1 mill road levy and the increase in the state gasoline tax. Road repair and maintenance will continue to be the major focus of Henry Township.

**HENRY TOWNSHIP
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Anthony T. Swartz, Clerk, Henry Township, 421 N. Main St., North Baltimore, Ohio 45872-1138.

**HENRY TOWNSHIP
WOOD COUNTY**

*Statement of Net Assets - Modified Cash Basis
December 31, 2004*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$59,177</u>
<i>Total Assets</i>	<u><u>\$59,177</u></u>
Net Assets	
Restricted for:	
Other Purposes	43,902
Unrestricted	<u>15,275</u>
<i>Total Net Assets</i>	<u><u>\$59,177</u></u>

See accompanying notes to the basic financial statements

**HENRY TOWNSHIP
WOOD COUNTY**

*Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2004*

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$89,380			(\$89,380)
Public Safety	22,773	650		(22,123)
Public Works	168,284	7,581	94,251	(66,452)
Capital Outlay	12,771			(12,771)
<i>Total Governmental Activities</i>	<u>293,208</u>	<u>8,231</u>	<u>94,251</u>	<u>(190,726)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				59,823
Road & Bridges				38,379
Fire District				22,585
Road District				26,484
Grants and Entitlements not Restricted to Specific Programs				32,637
Interest				345
Miscellaneous				737
<i>Total General Receipts</i>				<u>180,990</u>
Change in Net Assets				(9,736)
<i>Net Assets Beginning of Year</i>				<u>68,913</u>
<i>Net Assets End of Year</i>				<u>\$59,177</u>

See accompanying notes to the basic financial statements

**HENRY TOWNSHIP
WOOD COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004*

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road And Bridge</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	<u>\$15,275</u>	<u>\$15,652</u>	<u>\$4,560</u>	<u>\$15,086</u>	<u>\$5,016</u>	<u>\$3,588</u>	<u>\$59,177</u>
<i>Total Assets</i>	<u><u>\$15,275</u></u>	<u><u>\$15,652</u></u>	<u><u>\$4,560</u></u>	<u><u>\$15,086</u></u>	<u><u>\$5,016</u></u>	<u><u>\$3,588</u></u>	<u><u>\$59,177</u></u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$1,395	\$1,154				\$610	\$3,159
Unreserved:							
General Fund	13,880						13,880
Special Revenue Funds		14,498	4,560	15,086	5,016	2,978	42,138
<i>Total Fund Balances</i>	<u><u>\$15,275</u></u>	<u><u>\$15,652</u></u>	<u><u>\$4,560</u></u>	<u><u>\$15,086</u></u>	<u><u>\$5,016</u></u>	<u><u>\$3,588</u></u>	<u><u>\$59,177</u></u>

See accompanying notes to the basic financial statements

**HENRY TOWNSHIP
WOOD COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004*

	General	Gasoline Tax	Road And Bridge	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$59,823		\$38,379	\$22,585	\$26,484	\$7,581	\$154,852
Licenses, Permits and Fees	650						650
Intergovernmental	25,586	\$68,092	3,287	1,803	1,961	26,159	126,888
Interest	345						345
Other	737						737
<i>Total Receipts</i>	<u>87,141</u>	<u>68,092</u>	<u>41,666</u>	<u>24,388</u>	<u>28,445</u>	<u>33,740</u>	<u>283,472</u>
Disbursements							
Current:							
General Government	71,159	8,000			4,976	5,245	89,380
Public Safety				22,773			22,773
Public Works	424	57,367	53,917		25,080	31,496	168,284
Capital Outlay						12,771	12,771
<i>Total Disbursements</i>	<u>71,583</u>	<u>65,367</u>	<u>53,917</u>	<u>22,773</u>	<u>30,056</u>	<u>49,512</u>	<u>293,208</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,558</u>	<u>2,725</u>	<u>(12,251)</u>	<u>1,615</u>	<u>(1,611)</u>	<u>(15,772)</u>	<u>(9,736)</u>
Other Financing Sources (Uses)							
Transfers In						12,771	12,771
Transfers Out	(12,771)						(12,771)
<i>Total Other Financing Sources (Uses)</i>	<u>(12,771)</u>					<u>12,771</u>	
<i>Net Change in Fund Balances</i>	2,787	2,725	(12,251)	1,615	(1,611)	(3,001)	(9,736)
<i>Fund Balances Beginning of Year</i>	<u>12,488</u>	<u>12,927</u>	<u>16,811</u>	<u>13,471</u>	<u>6,627</u>	<u>6,589</u>	<u>68,913</u>
<i>Fund Balances End of Year</i>	<u>\$15,275</u>	<u>\$15,652</u>	<u>\$4,560</u>	<u>\$15,086</u>	<u>\$5,016</u>	<u>\$3,588</u>	<u>\$59,177</u>

See accompanying notes to the basic financial statements

**HENRY TOWNSHIP
WOOD COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$58,514	\$58,514	\$59,823	\$1,309
Licenses, Permits and Fees	1,500	1,500	650	(850)
Intergovernmental	29,794	29,794	25,586	(4,208)
Interest	350	350	345	(5)
Other	2,191	2,191	737	(1,454)
<i>Total receipts</i>	<u>92,349</u>	<u>92,349</u>	<u>87,141</u>	<u>(5,208)</u>
Disbursements				
Current:				
General Government	93,619	87,619	72,554	15,065
Public Works	500	500	424	76
<i>Total Disbursements</i>	<u>94,119</u>	<u>88,119</u>	<u>72,978</u>	<u>15,141</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,770)</u>	<u>4,230</u>	<u>14,163</u>	<u>9,933</u>
Other Financing Uses				
Transfers Out	(25,542)	(25,542)	(12,771)	12,771
<i>Net Change in Fund Balance</i>	(27,312)	(21,312)	1,392	22,704
<i>Fund Balance Beginning of Year</i>	<u>12,488</u>	<u>12,488</u>	<u>12,488</u>	
<i>Fund Balance End of Year</i>	<u><u>(\$14,824)</u></u>	<u><u>(\$8,824)</u></u>	<u><u>\$13,880</u></u>	<u><u>\$22,704</u></u>

See accompanying notes to the basic financial statements

**HENRY TOWNSHIP
WOOD COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 55,250	\$ 55,250	\$ 68,092	\$ 12,842
Interest	100	100		(100)
<i>Total receipts</i>	<u>55,350</u>	<u>55,350</u>	<u>68,092</u>	<u>12,742</u>
Disbursements				
Current:				
General Government		8,000	8,000	
Public Works	68,277	58,597	58,521	76
<i>Total Disbursements</i>	<u>68,277</u>	<u>66,597</u>	<u>66,521</u>	<u>76</u>
<i>Net Change in Fund Balance</i>	(12,927)	(11,247)	1,571	12,818
<i>Fund Balance Beginning of Year</i>	<u>\$ 12,927</u>	<u>12,927</u>	<u>12,927</u>	
<i>Fund Balance End of Year</i>	<u><u> </u></u>	<u><u>\$1,680</u></u>	<u><u>\$14,498</u></u>	<u><u>\$12,818</u></u>

See accompanying notes to the basic financial statements

**HENRY TOWNSHIP
WOOD COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$35,833	\$35,833	\$38,379	\$2,546
Intergovernmental	3,544	3,544	3,287	(257)
Interest	483	483		(483)
<i>Total receipts</i>	<u>39,860</u>	<u>39,860</u>	<u>41,666</u>	<u>1,806</u>
Disbursements				
Current:				
Public Works	<u>54,154</u>	<u>54,154</u>	<u>53,917</u>	<u>237</u>
<i>Net Change in Fund Balance</i>	(14,294)	(14,294)	(12,251)	2,043
<i>Fund Balance Beginning of Year</i>	<u>16,811</u>	<u>16,811</u>	<u>16,811</u>	
<i>Fund Balance End of Year</i>	<u><u>\$2,517</u></u>	<u><u>\$2,517</u></u>	<u><u>\$4,560</u></u>	<u><u>\$2,043</u></u>

See accompanying notes to the basic financial statements

**HENRY TOWNSHIP
WOOD COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$20,742	\$20,742	\$22,585	\$1,843
Intergovernmental	2,051	2,051	1,803	(248)
Interest	325	325		(325)
<i>Total receipts</i>	<u>23,118</u>	<u>23,118</u>	<u>24,388</u>	<u>1,270</u>
Disbursements				
Current:				
Public Safety	<u>25,000</u>	<u>24,093</u>	<u>22,773</u>	<u>1,320</u>
<i>Net Change in Fund Balance</i>	(1,882)	(975)	1,615	2,590
<i>Fund Balance Beginning of Year</i>	<u>13,471</u>	<u>13,471</u>	<u>13,471</u>	
<i>Fund Balance End of Year</i>	<u><u>\$11,589</u></u>	<u><u>\$12,496</u></u>	<u><u>\$15,086</u></u>	<u><u>\$2,590</u></u>

See accompanying notes to the basic financial statements

**HENRY TOWNSHIP
WOOD COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road District Fund
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$24,219	\$24,219	\$26,484	\$2,265
Intergovernmental	2,106	2,106	1,961	(145)
Interest	423	423		(423)
<i>Total receipts</i>	26,748	26,748	28,445	1,697
Disbursements				
Current:				
General Government		5,000	4,976	24
Public Works	30,300	24,090	25,080	(990)
<i>Total Disbursements</i>	30,300	29,090	30,056	(966)
<i>Net Change in Fund Balance</i>	(3,552)	(2,342)	(1,611)	731
<i>Fund Balance Beginning of Year</i>	6,627	6,627	6,627	
<i>Fund Balance End of Year</i>	\$3,075	\$4,285	\$5,016	\$731

See accompanying notes to the basic financial statements

**HENRY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 1 – REPORTING ENTITY

Henry Township, Wood County, Ohio, (the Township), is a body politic and corporate established December 3, 1836 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Village of North Baltimore for fire protection. Police protection is provided by the Wood County Sheriffs' Department.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township does not have any business type activities.

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

**HENRY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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 is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and Road District Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads. The Road and Bridge Fund receives property tax money to pay for constructing, maintaining and repairing Township Roads. The Fire District Fund receives property tax money for the provision of fire protection services to the Township residents. The Road District Fund receives property tax money to pay for constructing, maintaining and repairing Township roads.

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

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

**HENRY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the estimated receipts and year end balances, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The estimated receipts and yearend balances report demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations 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, department, and object level for all funds.

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

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Equity in Pooled Cash

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalent".

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 2004 was \$ 345 which includes \$ 220 assigned from other Township funds.

F. 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.

G. Accumulated Leave

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

**HENRY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

H. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. 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.

J. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

There are no adjustments to beginning fund balances since the basis of accounting has not changed. The Township's basic financial statements consist of government-wide statements, including a statement of net cash assets and a statement of activities and the fund statements that provide a more detailed level of financial information.

NOTE 4 – ACCOUNTABILITY AND COMPLIANCE

Compliance

The Township did not properly certify certain Township disbursements as required by Ohio Law.

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and the Road District Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,395 for the general fund and \$1,154 for the gasoline tax fund.

**HENRY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

NOTE 6 – DEPOSITS

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

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

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

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

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).

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

**HENRY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

NOTE 6 – DEPOSITS – (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. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At year end, the carrying amount of the Township's deposits was \$59,177 and the bank balance was \$91,996. The bank balance was covered by federal depository insurance.

NOTE 7 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, 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 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. 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.

**HENRY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

NOTE 7 – PROPERTY TAXES – (CONTINUED)

The full tax rate for all Township operations for the year ended December 31, 2004, was \$6.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	
Residential	\$ 7,382,470
Agriculture	4,846,710
Commercial/Industrial/Mineral	1,142,850
Public Utility Property	
Real	32,380
Personal	3,229,600
Tangible Personal Property	1,224,930
Total Assessed Value	<u>\$ 17,858,940</u>

NOTE 8 – RISK MANAGEMENT

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.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

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

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

**HENRY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

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:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained Earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained Earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Township provides employee health insurance acquired from Medical Mutual Insurance Company through the Toledo Area Chamber of Commerce.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

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

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

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.

**HENRY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

NOTE 9 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)

For the year ended December 31, 2004, the members were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2004 was 13.55 percent, except for those plan members in law enforcement or public safety. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002, were \$13,728, \$13,136, and \$12,915 respectively. The full amount has been contributed for 2004, 2003, and 2002. There were no contributions to the member-directed plan for 2004.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other 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 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 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, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 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.

**HENRY TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
(Continued)**

NOTE 11 – LEASES

The Township leases vehicles through cancelable leases which have a “non-appropriation” clause. The Township disbursed \$12,584 to pay lease costs for the year ended December 31, 2004. Future lease payments are as follows:

	Amount
Year	
2005	\$10,282
Total	<u>\$10,282</u>

NOTE 12– INTERFUND TRANSFERS

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The single transfer made in 2004 was to the Public Works Commission Projects Fund to cover the Township’s share of an Issue II project.

NOTE 13– RELATED PARTY TRANSACTIONS

One of the Trustees’ sons owns a business, Casey’s Sales and Service and the township paid him \$2,627 in 2004.



Mary Taylor, CPA

Auditor of State

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

Henry Township
Wood County
421 N. Main Street
North Baltimore, Ohio 45872-1138

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 Henry Township, Wood County (the Township) as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 18, 2007, in which we disclosed the Township prepares its financial statements on the modified cash basis of accounting. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated January 18, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Township's management dated January 18, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

January 18, 2007

**HENRY TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Blanket Certificate: Fiscal Officers may prepare "blanket" certificates not exceeding amounts (appropriations) as approved by Trustees via Ordinance or Resolution, or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate: The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

For thirty-seven percent of the transactions tested, prior certification was not obtained nor was a then and now certificate utilized. Certification is not only required by Ohio law but is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Township funds being over expended or exceeding budgetary spending limitations as set by the Trustees.

**FINDING NUMBER 2004-001
(Continued)**

To improve controls over disbursements, we recommend all Township non-payroll disbursements receive prior certification of the Fiscal Officer. When that is not possible, a then and now certificate should be executed.

Officials Response:

The Township now makes extensive use of Super Blanket Certificates and occasionally "Then and Now Certificates" that should take care of the prior certification recommendation and improve the controls over disbursements.

**HENRY TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-002	Revised Code § 5705.41(D), expenditures not properly certified.	No	Not corrected repeated as finding 2004-001.
2003-001	Revised Code § 5705.42, not posting Issue II monies to the books	Yes	



Mary Taylor, CPA
Auditor of State

HENRY TOWNSHIP

WOOD 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
MARCH 6, 2007**