



Mary Taylor, CPA
Auditor of State

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

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WASHINGTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Waterford Township
Washington County
P.O. Box 146
Waterford, Ohio 45786-0146

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 Waterford Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

The Township expended Road and Bridge funds for an unallowable purpose in the amount of \$23,200 in 2005. Ohio Rev. Code Section 5705.10 states that money paid into any fund shall only be used for the purposes for which such fund is established. The Township has declined to adjust its financial statements or accounting records to record these disbursements from the General Fund. Had these costs been paid from the General Fund, the effect would be to decrease the General Fund cash balance at December 31, 2005 and December 31, 2006 by an additional \$23,200. The Road and Bridge Fund cash balance would have increased by \$23,200 at December 31, 2005 and December 31, 2006.

In our opinion, because of the effect of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Waterford Township, Washington County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Ambulance, Special Fire and Ambulance Levy and Special Fund for Squad Equipment Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 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

May 24, 2007

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

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

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$178,161, or 59 percent, a significant change from the prior year. The funds realizing the increase the most were the Road and Bridge Fund, Ambulance Fund, Special Fire and Ambulance Levy Fund and the Special Fund for Squad Equipment Fund. An insurance refund from the wreck of the Township's truck resulted in an increase in receipts for the Road and Bridge Fund. An increase in squad runs and the loss of the dispatchers due to 911 in 2005 affected the Ambulance Fund increase. Decreased expenditures in the Special Fire and Ambulance Levy Fund affected the fund's increase. A transfer in to the Special Fund for Squad Equipment from the Ambulance Fund resulted in increased revenues in the Special Fund for Squad Equipment.

The Township's general receipts are primarily property taxes and intergovernmental revenues. These receipts represent respectively \$867,855 and 81 percent of the total cash received for governmental activities during the year. Property taxes and intergovernmental receipts for 2006 changed very little compared to 2005 as development within the Township has slowed.

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$34,916, or 13 percent. The funds realizing the increase the most were the Gasoline Tax Fund and Road and Bridge Fund. FEMA funding affected the increase for the Gasoline Tax Fund, while decreased expenditures for the Road and Bridge Fund affected that fund's increase.

The Township's general receipts are primarily property and intergovernmental revenues. These receipts represent respectively \$854,665 and 68 percent of the total cash received for governmental activities during the year. Property and intergovernmental receipts for 2005 changed very little compared to 2004 as development within the Township has slowed.

Using the Basic Financial Statements

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

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

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

Basis of Accounting

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

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function 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 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, extent of debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

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

Governmental activities. Most of the Township's basic services are reported here, including fire, roads, and cemeteries. 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 Government'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.

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

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Government'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 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Ambulance Fund, Special Fire and Ambulance Levy Fund and Special Fund for Squad Equipment. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Government as a Whole

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

(Table 1)

Net Assets

	Governmental Activities		
	2006	2005	2004
Assets			
Cash and Cash Equivalents	\$481,072	\$302,911	\$267,995
Total Assets	\$481,072	\$302,911	\$267,995
Net Assets			
Restricted for:			
Capital Projects	\$0	\$15,173	\$15,173
Permanent Fund Purpose:			
Expendable	3,228	3,192	3,158
Nonexpendable	2,500	2,500	2,500
Other Purposes	440,786	259,450	175,070
Unrestricted	34,558	22,596	72,094
Total Net Assets	\$481,072	\$302,911	\$267,995

As mentioned previously, net assets of governmental activities increased \$178,161 or 59 percent during 2006. The primary reasons contributing to the increase in cash balances are as follows:

- Increase in squad runs in 2006
- Decrease in expenditures due to the new 911 system in Washington County. The Township no longer needed its dispatchers half way through 2005.
- Decrease in expenditures due to the Township paid off its debt in 2005 and did not purchase any vehicles in 2006.

As mentioned previously, net assets of governmental activities increased \$34,916 or 13 percent during 2005. The primary reasons contributing to the increase in cash balances are as follows:

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

- Unanticipated revenue from FEMA grant monies totaling approximately \$55,918.
- Increase in property taxes during 2005.

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$24,749	\$18,796
Operating Grants and Contributions	138,333	233,077
Capital Grants and Contributions	0	71,631
Total Program Receipts	<u>163,082</u>	<u>323,504</u>
General Receipts:		
Property and Other Local Taxes	643,995	687,231
Grants and Entitlements Not Restricted to Specific Programs	223,860	167,434
Interest	1,754	1,345
Miscellaneous	44,200	84,561
Total General Receipts	<u>913,809</u>	<u>940,571</u>
Total Receipts	<u>1,076,891</u>	<u>1,264,075</u>
Disbursements:		
General Government	99,548	108,410
Public Safety	163,769	191,326
Public Works	578,894	774,029
Health	39,924	56,796
Capital Outlay	16,595	61,406
Debt Service:		
Principal Retirement	0	36,709
Interest and Fiscal Charges	0	483
Total Disbursements	<u>898,730</u>	<u>1,229,159</u>
Increase (Decrease) in Net Assets	178,161	34,916
Net Assets, January 1	<u>302,911</u>	<u>267,995</u>
Net Assets, December 31	<u>\$481,072</u>	<u>\$302,911</u>

For 2006, program receipts represent only 15 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

For 2005, program receipts represent only 26 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money and Issue II money.

In 2006, general receipts represent 85 percent of the Township's total receipts, and of this amount, over 70 percent are property tax receipts. Grants and entitlements make up most of the balance of the Township's general receipts (24 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Waterford Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
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In 2005, general receipts represent 74 percent of the Township's total receipts, and of this amount, over 73 percent are property tax receipts. Grants and entitlements make up most of 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 Government activities. These include, but aren't limited to, the costs of trustee and clerk salaries, medical costs, insurances, retirement, and utilities. Public Safety is the cost of fire protection; Public Works is the general maintenance as well as repair of roads; Health is the health services; Capital Outlay is the cost of equipment purchased by the Township and Debt Service is the payment of the debt of the Township.

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented for 2005.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 25, 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 Public Safety, which account for 64 and 18 percent of all governmental disbursements, respectively for 2006. The major program disbursements for governmental activities are for Public Works and Public Safety, which account for 63 and 15 percent of all governmental disbursements, respectively for 2005. The next three columns of the Statement entitled Program 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 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$99,548	\$99,548	\$108,410	\$108,410
Public Safety	163,769	148,617	191,326	175,406
Public Works	578,894	439,050	774,029	474,505
Health	39,924	31,838	56,796	48,736
Capital Outlay	16,595	16,595	61,406	61,406
Principal Retirement	0	0	36,709	36,709
Interest and Fiscal Charges	0	0	483	483
Total Expenses	\$898,730	\$735,648	\$1,229,159	\$905,655

The dependence upon property tax receipts and grants and entitlements not restricted to specific program is apparent as over 82 percent and 74 percent of governmental activities are supported through these general receipts for 2006 and 2005, respectively.

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

The Government's Funds

For 2006 total governmental funds had receipts of \$1,076,892 and disbursements of \$898,731. The greatest change within governmental funds occurred within the Road and Bridge Fund, Special Fire and Ambulance Levy Fund and Special Fund for Squad Equipment. The fund balance of the Road and Bridge Fund increased \$94,177, which is an 86 percent increase for that fund. Receipts consist of local tax monies and expenditures are restricted to road maintenance and repair. The fund balance of the Special Fire and Ambulance Levy Fund increased \$35,772, which is a 179 percent increase for that fund. Receipts consist of local tax monies and expenditures are restricted to fire contracts and ambulance services. The fund balance of the Special Fund for Squad Equipment increased \$50,000, which is a 248 percent increase for that fund. This fund received a transfer from the Ambulance Fund.

General Fund receipts were more than disbursements by \$11,962 indicating that the General Fund is in a conservative spending mode.

For 2005 total governmental funds had receipts of \$1,264,074 and disbursements of \$1,229,158. The greatest change within governmental funds occurred within the General Fund, Gasoline Tax Fund and Road and Bridge Fund. The fund balance of the General Fund decreased \$49,498, which is a 69 percent decrease for that fund. The decrease was due to an increase in expenditures to contracts with the Village of Beverly for fire and pool. The fund balance of the Gasoline Tax Fund increased \$30,897, which is a 99 percent increase for that fund. Receipts consist of state monies and expenditures are restricted to road maintenance and repair. The fund balance of the Road and Bridge Fund increased \$30,395, which is a 39 percent increase for that fund. Receipts consist of local tax monies and expenditures are restricted to road maintenance and repair.

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 2006 there was a significant increase between the original budget and the final budget. Final budgeted receipts were above original budgeted receipts due to a larger estimate of tax receipts, intergovernmental receipts and miscellaneous revenue. The difference between final budgeted receipts and actual receipts was significant due to less taxes received and anticipated other receipts not received.

For 2006 final disbursements were budgeted at \$246,863 while actual disbursements were \$183,451. The Township spent conservatively, spending well below the budgeted expenditure amounts. The result is the increase in fund balance of \$11,962 for 2006 for the General Fund.

During 2005 changes from the original budget have been minimal. Final budgeted receipts were above original budgeted receipts due to a better estimate of tax receipts, intergovernmental receipts and miscellaneous revenue. The difference between final budgeted receipts and actual receipts was not significant.

For 2005 final disbursements were budgeted at \$136,226 while actual disbursements were \$230,211. The Township overspent as evidenced by expenditures being in excess of appropriations by \$93,985. The result is the decrease in fund balance of \$49,498 for 2005.

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

Current Issues

The challenge for all Governments 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. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. We have reduced staffing levels in areas where we felt it would have the least impact on services.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the 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 Carolyn Offenberger, Township Clerk, Waterford Township, P.O. Box 146, Waterford, Ohio 45786-0146.

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**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 481,072
<i>Total Assets</i>	<u>\$ 481,072</u>
 Net Assets:	
Restricted for:	
Permanent Fund Purpose	
Expendable	\$ 3,228
Nonexpendable	2,500
Other Purposes	440,786
Unrestricted	<u>34,558</u>
<i>Total Net Assets</i>	<u>\$ 481,072</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Government	\$ 99,548	\$	\$	\$ (99,548)
Public Safety	163,769	10,680	4,472	(148,617)
Public Works	578,894	6,019	133,825	(439,050)
Health	39,924	8,050	36	(31,838)
Capital Outlay	16,595			(16,595)
<i>Total Governmental Activities</i>	\$ 898,730	\$ 24,749	\$ 138,333	(735,648)
		General Receipts:		
		Property Taxes Levied for:		
		General Purposes		643,995
		Grants and Entitlements not Restricted to Specific Programs		223,860
		Interest		1,754
		Miscellaneous		44,200
		<i>Total General Receipts</i>		913,809
		<i>Change in Net Assets</i>		178,161
		Net Assets Beginning of Year		302,911
		Net Assets End of Year		\$ 481,072

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

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**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Gasoline Tax	Road and Bridge
Assets:			
Cash	\$ 34,558	\$ 29,514	\$ 203,255
<i>Total Assets</i>	\$ 34,558	\$ 29,514	\$ 203,255
Fund Balances:			
Reserved:			
Reserved for Permanent Fund Purpose	\$	\$	\$
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	34,558		
Special Revenue Funds		29,514	203,255
Permanent Fund			
<i>Total Fund Balances</i>	\$ 34,558	\$ 29,514	\$ 203,255

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

<u>Ambulance</u>	<u>Special Fire and Ambulance Levy</u>	<u>Special Fund for Squad Equipment</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 59,867	\$ 55,741	\$ 70,139	\$ 27,998	\$ 481,072
<u>\$ 59,867</u>	<u>\$ 55,741</u>	<u>\$ 70,139</u>	<u>\$ 27,998</u>	<u>\$ 481,072</u>
\$	\$	\$	\$ 3,228	\$ 3,228
59,867	55,741	70,139	22,270	34,558
			2,500	440,786
<u>\$ 59,867</u>	<u>\$ 55,741</u>	<u>\$ 70,139</u>	<u>\$ 27,998</u>	<u>\$ 481,072</u>

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Gasoline Tax	Road and Bridge
Cash Receipts:			
Property and Other Local Taxes	\$ 99,686	\$	\$ 338,341
Charges for Services			
Licenses, Permits and Fees			
Intergovernmental	89,469	82,850	95,905
Special Assessments			
Interest	1,754	328	
Other	13,293		21,146
<i>Total Cash Receipts</i>	204,202	83,178	455,392
Cash Disbursements:			
Current:			
General Government	99,548		
Public Safety			
Public Works	49,482	107,705	361,215
Health	32,553		
Capital Outlay	1,868	8,150	
<i>Total Cash Disbursements</i>	183,451	115,855	361,215
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	20,751	(32,677)	94,177
Other Financing Sources (Uses):			
Transfers In	15,173		
Transfers Out	(40,587)		
Other Financing Sources	16,625		
Other Financing Uses			
<i>Total Other Financing Sources (Uses)</i>	(8,789)	0	0
<i>Net Change in Fund Balances</i>	11,962	(32,677)	94,177
Fund Balances Beginning of Year	22,596	62,191	109,078
Fund Balances End of Year	\$ 34,558	\$ 29,514	\$ 203,255

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

Ambulance	Special Fire and Ambulance Levy	Special Fund for Squad Equipment	Other Governmental Funds	Total Governmental Funds
\$ 83,278	\$ 38,714	\$	\$ 83,975	\$ 643,994
10,680				10,680
			6,050	6,050
24,159	2,284		66,977	361,644
			6,019	6,019
			223	2,305
6,401			5,360	46,200
<u>124,518</u>	<u>40,998</u>	<u>0</u>	<u>168,604</u>	<u>1,076,892</u>
				99,548
42,468	5,117		116,185	163,770
			60,492	578,894
			7,371	39,924
6,468	109			16,595
<u>48,936</u>	<u>5,226</u>	<u>0</u>	<u>184,048</u>	<u>898,731</u>
<u>75,582</u>	<u>35,772</u>	<u>0</u>	<u>(15,444)</u>	<u>178,161</u>
		50,000	40,587	105,760
(50,000)			(15,173)	(105,760)
				16,625
			(16,625)	(16,625)
<u>(50,000)</u>	<u>0</u>	<u>50,000</u>	<u>8,789</u>	<u>0</u>
25,582	35,772	50,000	(6,655)	178,161
34,285	19,969	20,139	34,653	302,911
<u>\$ 59,867</u>	<u>\$ 55,741</u>	<u>\$ 70,139</u>	<u>\$ 27,998</u>	<u>\$ 481,072</u>

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 118,206	\$ 122,917	\$ 99,686	\$ (23,231)
Charges for Services	100	100		(100)
Intergovernmental	56,947	77,644	89,469	11,825
Interest	1,232	1,232	1,754	522
Other	29,030	79,638	13,293	(66,345)
<i>Total Receipts</i>	<u>205,515</u>	<u>281,531</u>	<u>204,202</u>	<u>(77,329)</u>
Disbursements:				
Current:				
General Government	116,710	115,660	99,548	16,112
Public Safety	100	100		100
Public Works	56,000	95,850	49,482	46,368
Health	30,553	32,553	32,553	0
Capital Outlay	1,200	2,700	1,868	832
<i>Total Disbursements</i>	<u>204,563</u>	<u>246,863</u>	<u>183,451</u>	<u>63,412</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>952</u>	<u>34,668</u>	<u>20,751</u>	<u>(13,917)</u>
Other Financing Sources (Uses):				
Transfers In		15,173	15,173	0
Transfers Out		(25,000)	(40,587)	(15,587)
Other Financing Sources			16,625	16,625
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(9,827)</u>	<u>(8,789)</u>	<u>1,038</u>
<i>Net Change in Fund Balance</i>	952	24,841	11,962	(12,879)
Fund Balance Beginning of Year	<u>22,596</u>	<u>22,596</u>	<u>22,596</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 23,548</u>	<u>\$ 47,437</u>	<u>\$ 34,558</u>	<u>\$ (12,879)</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$ 77,132	\$ 82,849	\$ 82,850	\$ 1
Interest	400	400	328	(72)
<i>Total Receipts</i>	<u>77,532</u>	<u>83,249</u>	<u>83,178</u>	<u>(71)</u>
Disbursements:				
Current:				
Public Works	114,723	119,723	107,705	12,018
Capital Outlay	25,000	20,000	8,150	11,850
<i>Total Disbursements</i>	<u>139,723</u>	<u>139,723</u>	<u>115,855</u>	<u>23,868</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(62,191)	(56,474)	(32,677)	23,797
Fund Balance Beginning of Year	<u>62,191</u>	<u>62,191</u>	<u>62,191</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 5,717</u>	<u>\$ 29,514</u>	<u>\$ 23,797</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<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	\$ 406,245	\$ 541,767	\$ 338,341	\$ (203,426)
Intergovernmental	10,000	10,000	95,905	85,905
Other	13,068	33,693	21,146	(12,547)
<i>Total Receipts</i>	<u>429,313</u>	<u>585,460</u>	<u>455,392</u>	<u>(130,068)</u>
Disbursements:				
Current:				
Public Works	378,332	378,332	361,215	17,117
Capital Outlay	10,000	10,000		10,000
<i>Total Disbursements</i>	<u>388,332</u>	<u>388,332</u>	<u>361,215</u>	<u>27,117</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	40,981	197,128	94,177	(102,951)
Fund Balance Beginning of Year	<u>109,078</u>	<u>109,078</u>	<u>109,078</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 150,059</u>	<u>\$ 306,206</u>	<u>\$ 203,255</u>	<u>\$ (102,951)</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
AMBULANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 105,483	\$ 129,887	\$ 83,278	\$ (46,609)
Charges for Services			10,680	10,680
Intergovernmental	2,900	2,900	24,159	21,259
Other	11,360	11,361	6,401	(4,960)
<i>Total Receipts</i>	<u>119,743</u>	<u>144,148</u>	<u>124,518</u>	<u>(19,630)</u>
Disbursements:				
Current:				
General Government	7,056	11,056		11,056
Public Safety	51,531	51,531	42,468	9,063
Capital Outlay	75,000	31,000	6,468	24,532
<i>Total Disbursements</i>	<u>133,587</u>	<u>93,587</u>	<u>48,936</u>	<u>44,651</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,844)</u>	<u>50,561</u>	<u>75,582</u>	<u>25,021</u>
Other Financing Sources (Uses):				
Transfers Out		(40,000)	(50,000)	(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(40,000)</u>	<u>(50,000)</u>	<u>(10,000)</u>
<i>Net Change in Fund Balance</i>	(13,844)	10,561	25,582	15,021
Fund Balance Beginning of Year	<u>34,285</u>	<u>34,285</u>	<u>34,285</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 20,441</u>	<u>\$ 44,846</u>	<u>\$ 59,867</u>	<u>\$ 15,021</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SPECIAL FIRE AND AMBULANCE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts:				
Property and Other Local Taxes	\$ 41,767	\$ 47,453	\$ 38,714	\$ (8,739)
Intergovernmental	837	837	2,284	1,447
<i>Total Receipts</i>	<u>42,604</u>	<u>48,290</u>	<u>40,998</u>	<u>(7,292)</u>
Disbursements				
Current:				
General Government	10,586	10,586		10,586
Public Safety	9,662	9,662	5,117	4,545
Capital Outlay	40,000	40,000	109	39,891
<i>Total Disbursements</i>	<u>60,248</u>	<u>60,248</u>	<u>5,226</u>	<u>55,022</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(17,644)	(11,958)	35,772	47,730
Fund Balance Beginning of Year	<u>19,969</u>	<u>19,969</u>	<u>19,969</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 2,325</u>	<u>\$ 8,011</u>	<u>\$ 55,741</u>	<u>\$ 47,730</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
SPECIAL FUND FOR SQUAD EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Disbursements:				
Capital Outlay	\$ 40,139	\$ 40,139	\$	\$ 40,139
<i>Total Disbursements</i>	<u>40,139</u>	<u>40,139</u>	<u>0</u>	<u>40,139</u>
 <i>Excess of Receipts Over (Under) Disbursements</i>	 <u>(40,139)</u>	 <u>(40,139)</u>	 <u>0</u>	 <u>40,139</u>
 Other Financing Sources (Uses):				
Transfers In	20,000	50,000	50,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>20,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
 <i>Net Change in Fund Balance</i>	 (20,139)	 9,861	 50,000	 40,139
 Fund Balance Beginning of Year	 <u>20,139</u>	 <u>20,139</u>	 <u>20,139</u>	 <u>0</u>
 Fund Balance End of Year	 <u>\$ 0</u>	 <u>\$ 30,000</u>	 <u>\$ 70,139</u>	 <u>\$ 40,139</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 302,911
<i>Total Assets</i>	\$ 302,911
 Net Assets:	
Restricted for:	
Capital Projects	\$ 15,173
Permanent Fund Purpose	
Expendable	3,192
Nonexpendable	2,500
Other Purposes	259,450
Unrestricted	22,596
<i>Total Net Assets</i>	\$ 302,911

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

WATERFORD TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 108,410	\$	\$	\$	(108,410)
Public Safety	191,326	4,645	11,275	\$	(175,406)
Public Works	774,029	6,126	221,767	71,631	(474,505)
Health	56,796	8,025	35		(48,736)
Capital Outlay	61,406				(61,406)
Debt Service:					
Principal Retirement	36,709				(36,709)
Interest and Fiscal Charges	483				(483)
<i>Total Governmental Activities</i>	<u>\$ 1,229,159</u>	<u>\$ 18,796</u>	<u>\$ 233,077</u>	<u>\$ 71,631</u>	<u>(905,655)</u>
		General Receipts:			
		Property Taxes Levied for:			
		General Purposes			687,231
		Grants and Entitlements not Restricted to Specific Programs			167,434
		Interest			1,345
		Miscellaneous			84,561
		<i>Total General Receipts</i>			<u>940,571</u>
		<i>Change in Net Assets</i>			34,916
		Net Assets Beginning of Year			<u>267,995</u>
		Net Assets End of Year			<u>\$ 302,911</u>

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

WATERFORD TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Ambulance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Cash	\$ 22,596	\$ 62,191	\$ 109,078	\$ 34,285	\$ 74,761	\$ 302,911
<i>Total Assets</i>	<u>\$ 22,596</u>	<u>\$ 62,191</u>	<u>\$ 109,078</u>	<u>\$ 34,285</u>	<u>\$ 74,761</u>	<u>\$ 302,911</u>
Fund Balances:						
Reserved:						
Reserved for Permanent Fund Purpose	\$	\$	\$	\$	\$ 3,192	\$ 3,192
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	22,596					22,596
Special Revenue Funds		62,191	109,078	34,285	53,896	259,450
Capital Projects Funds					15,173	15,173
Permanent Fund					2,500	2,500
<i>Total Fund Balances</i>	<u>\$ 22,596</u>	<u>\$ 62,191</u>	<u>\$ 109,078</u>	<u>\$ 34,285</u>	<u>\$ 74,761</u>	<u>\$ 302,911</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Gasoline Tax	Road and Bridge	Ambulance	Other Governmental Funds	Total Governmental Funds
Cash Receipts:						
Property and Other Local Taxes	\$ 112,207	\$	\$ 344,178	\$ 84,984	\$ 145,861	\$ 687,230
Charges for Services	50			4,645		4,695
Licenses, Permits and Fees	50				6,725	6,775
Intergovernmental	66,573	86,228	92,537	27,227	199,109	471,674
Special Assessments					6,026	6,026
Interest	1,345	275			194	1,814
Other	25,113	45,547	11,060	2,840	1,300	85,860
<i>Total Cash Receipts</i>	<u>205,338</u>	<u>132,050</u>	<u>447,775</u>	<u>119,696</u>	<u>359,215</u>	<u>1,264,074</u>
Cash Disbursements:						
Current:						
General Government	108,410					108,410
Public Safety				66,454	124,872	191,326
Public Works	100,149	76,153	391,527		206,200	774,029
Health	21,652				35,144	56,796
Capital Outlay		25,000	25,853	33	10,519	61,405
Debt Service:						
Principal Retirement				28,000	8,709	36,709
Interest and Fiscal Charges					483	483
<i>Total Cash Disbursements</i>	<u>230,211</u>	<u>101,153</u>	<u>417,380</u>	<u>94,487</u>	<u>385,927</u>	<u>1,229,158</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(24,873)</u>	<u>30,897</u>	<u>30,395</u>	<u>25,209</u>	<u>(26,712)</u>	<u>34,916</u>
Other Financing Sources (Uses):						
Transfers In					7,644	7,644
Transfers Out	(6,000)				(1,644)	(7,644)
Advances In	16,300			21,300	2,000	39,600
Advances Out	(18,300)			(16,300)	(5,000)	(39,600)
Other Financing Sources					36,625	36,625
Other Financing Uses	(16,625)			(20,000)		(36,625)
<i>Total Other Financing Sources (Uses)</i>	<u>(24,625)</u>	<u>0</u>	<u>0</u>	<u>(15,000)</u>	<u>39,625</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(49,498)	30,897	30,395	10,209	12,913	34,916
Fund Balances Beginning of Year	72,094	31,294	78,683	24,076	61,848	267,995
Fund Balances End of Year	<u>\$ 22,596</u>	<u>\$ 62,191</u>	<u>\$ 109,078</u>	<u>\$ 34,285</u>	<u>\$ 74,761</u>	<u>\$ 302,911</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 33,000	\$ 112,207	\$ 112,207	\$ 0
Charges for Services	700	700	50	(650)
Licenses, Permits and Fees		50	50	0
Intergovernmental	28,385	66,751	66,573	(178)
Interest	1,200	1,232	1,345	113
Other	750	29,849	25,113	(4,736)
<i>Total Receipts</i>	<u>64,035</u>	<u>210,789</u>	<u>205,338</u>	<u>(5,451)</u>
Disbursements:				
Current:				
General Government	112,567	119,617	108,410	11,207
Public Safety	100	100		100
Public Works	3,800	(6,150)	100,149	(106,299)
Health	20,859	21,859	21,652	207
Capital Outlay	1,400	800		800
<i>Total Disbursements</i>	<u>138,726</u>	<u>136,226</u>	<u>230,211</u>	<u>(93,985)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(74,691)</u>	<u>74,563</u>	<u>(24,873)</u>	<u>(99,436)</u>
Other Financing Sources (Uses):				
Transfers Out			(6,000)	(6,000)
Advances In			16,300	16,300
Advances Out		(2,500)	(18,300)	(15,800)
Other Financing Uses			(16,625)	(16,625)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(2,500)</u>	<u>(24,625)</u>	<u>(22,125)</u>
<i>Net Change in Fund Balance</i>	(74,691)	72,063	(49,498)	(121,561)
Fund Balance Beginning of Year	71,681	71,681	71,681	0
<i>Prior Year Encumbrances Appropriated</i>	<u>413</u>	<u>413</u>	<u>413</u>	<u>0</u>
Fund Balance End of Year	<u>\$ (2,597)</u>	<u>\$ 144,157</u>	<u>\$ 22,596</u>	<u>\$ (121,561)</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 58,890	\$ 77,257	\$ 86,228	\$ 8,971
Interest	560	560	275	(285)
Other		13,708	45,547	31,839
<i>Total Receipts</i>	<u>59,450</u>	<u>91,525</u>	<u>132,050</u>	<u>40,525</u>
Disbursements:				
Current:				
Public Works	75,600	75,600	76,153	(553)
Capital Outlay	25,000	25,000	25,000	0
<i>Total Disbursements</i>	<u>100,600</u>	<u>100,600</u>	<u>101,153</u>	<u>(553)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(41,150)	(9,075)	30,897	39,972
Fund Balance Beginning of Year	<u>31,294</u>	<u>31,294</u>	<u>31,294</u>	<u>0</u>
Fund Balance End of Year	<u>\$ (9,856)</u>	<u>\$ 22,219</u>	<u>\$ 62,191</u>	<u>\$ 39,972</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 240,000	\$ 406,245	\$ 344,178	\$ (62,067)
Intergovernmental	10,000	12,008	92,537	80,529
Other	2,000	11,060	11,060	0
<i>Total Receipts</i>	<u>252,000</u>	<u>429,313</u>	<u>447,775</u>	<u>18,462</u>
Disbursements:				
Current:				
Public Works	327,792	319,792	391,527	(71,735)
Capital Outlay	3,000	11,000	25,853	(14,853)
<i>Total Disbursements</i>	<u>330,792</u>	<u>330,792</u>	<u>417,380</u>	<u>(86,588)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(78,792)	98,521	30,395	(68,126)
Fund Balance Beginning of Year	75,560	75,560	75,591	31
<i>Prior Year Encumbrances Appropriated</i>	<u>3,092</u>	<u>3,092</u>	<u>3,092</u>	<u>0</u>
Fund Balance End of Year	<u>\$ (140)</u>	<u>\$ 177,173</u>	<u>\$ 109,078</u>	<u>\$ (68,095)</u>

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

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
AMBULANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 73,000	\$ 105,483	\$ 84,984	\$ (20,499)
Charges for Services			4,645	4,645
Intergovernmental	2,900	6,900	27,227	20,327
Other	18,900	18,900	2,840	(16,060)
<i>Total Receipts</i>	<u>94,800</u>	<u>131,283</u>	<u>119,696</u>	<u>(11,587)</u>
Disbursements:				
Current:				
General Government	24,212	19,212		19,212
Public Safety	65,662	70,662	66,454	4,208
Capital Outlay	29,000	29,000	33	28,967
Debt Service:				
Principal Retirement			28,000	(28,000)
<i>Total Disbursements</i>	<u>118,874</u>	<u>118,874</u>	<u>94,487</u>	<u>24,387</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,074)</u>	<u>12,409</u>	<u>25,209</u>	<u>12,800</u>
Other Financing Sources (Uses):				
Advances In			21,300	21,300
Advances Out			(16,300)	(16,300)
Other Financing Uses			(20,000)	(20,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(15,000)</u>	<u>(15,000)</u>
<i>Net Change in Fund Balance</i>	(24,074)	12,409	10,209	(2,200)
Fund Balance Beginning of Year	22,852	22,852	22,852	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,224</u>	<u>1,224</u>	<u>1,224</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 2</u>	<u>\$ 36,485</u>	<u>\$ 34,285</u>	<u>\$ (2,200)</u>

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

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

Note 1 – Reporting Entity

Waterford Township, Washington County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Clerk.

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

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Waterford Township Volunteer Fire Department for fire protection. Police protection is provided by the Washington County Sheriff Department. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets 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.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (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 of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

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

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 only required major governmental fund is the General 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 Township had the following major funds in addition to the General Fund as mentioned above.

Gasoline Tax Fund – This fund receives gasoline tax money. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Road and Bridge Fund – This fund receives property tax money. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Ambulance Fund – This fund receives levy money and state grant money. Funds are restricted for the purpose of maintaining the squad building and the ambulance provided it is expended according to the general laws of Ohio.

Special Fire and Ambulance Levy Fund – This fund receives levy money. This fund balance is available to the Township for the purpose of fire protection and ambulance services provided it is expended or transferred according to the general laws of Ohio.

Special Fund for Squad Equipment – This fund receives money from the Ambulance Fund and Special Fire and Ambulance Levy Fund for the purpose of purchasing an ambulance provided it is expended or transferred according to the general laws of Ohio.

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

C. Basis of Accounting

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

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

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

D. Budgetary Process

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

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 Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

E. Cash and Investments

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. The Township had no investments.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$1,754 which includes \$1,556 assigned from other Township funds. Interest receipts credited to the General Fund during 2005 was \$1,345 which includes \$974 assigned from other Township funds.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Note 2 – Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

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

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance, fire protection, ambulance services and cemetery maintenance. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. 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.

N. Interfund Transactions

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

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

A. Change in Basis of Accounting

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

Also as described in note 2, the Township has not elected to report inventory, prepaid items, interfund receivables (payables), capital assets, and long-term debt as part of the cash basis of accounting. The transition from the regulatory basis of accounting to the cash basis of accounting generated no changes to fund balance/equity as previously reported at December 31, 2004 and 2003.

Note 4 – Accountability and Compliance

Compliance

For 2006 and 2005, the cash balances on deposit with the bank exceeded the \$100,000 federal deposit insurance limit and pledged securities in several months contrary to Ohio Rev. Code Section 135.18(A).

In 2005, the Township did not establish an Issue II Fund contrary to Ohio Rev. Code Section 5705.09(F).

The Township had expenditures in excess of appropriations at December 31, 2006, and at December 31, 2005 contrary to Ohio Rev. Code Section 5705.41(B).

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, and the following major special revenue funds: Gasoline Tax Fund, Road and Bridge Fund, Ambulance Fund, Special Fire and Ambulance Levy Fund and Special Fund for Squad Equipment Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 6 – Deposits and Investments

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

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

Inactive deposits are public deposits that the 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:

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

Note 6 – Deposits and Investments (Continued)

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 (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, \$111,542 of the Township's bank balance of \$491,542 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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

Note 7 – Property Taxes

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

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

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

The full tax rate for all Township operations for the year ended December 31, 2006, was \$4.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$27,573,250
Agricultural	6,417,740
Commercial/Industrial/Mineral	19,763,330
Tangible Personal Property	
Business	9,181,730
Public Utility	73,674,640
Total Assessed Value	\$136,610,690

The full tax rate for all Township operations for the year ended December 31, 2005, was \$4.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

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

Note 7 – Property Taxes (Continued)

Real Property	
Residential	\$27,383,950
Agricultural	6,367,350
Commercial/Industrial/Mineral	20,308,670
Tangible Personal Property	
Business	10,657,300
Public Utility	73,351,860
Total Assessed Value	<u>\$138,069,130</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

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.

Waterford Township
Washington County
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 \$27,000. 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.

<u>Township Contributions to OTARMA</u>	
2005	\$12,384
2006	\$13,587

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.

Note 9 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over 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.

For the year ended December 31, 2006, the members of all three plans, were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

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

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006 and 2005 were \$19,939, and \$22,589, respectively. The full amount has been contributed for 2006 and 2005.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

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

Note 10 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 6.5 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 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$6,549 in 2006 and \$6,668 in 2005. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 11 – Interfund Transfers

During 2006 the following transfers were made:

Transfers from the General Fund to: Other Governmental Funds	\$40,587
Transfers from Other Governmental Funds to: General Fund	\$15,173
Transfers from Ambulance Fund to: Special Fund for Squad Equipment	\$50,000

The intended purpose of the transfer from the Nature Works Project Fund (Other Governmental Fund) to the General Fund was to close out the Nature Works Project Fund.

During 2005 the following transfer was made:

Transfers from the General Fund to: Other Governmental Funds	\$6,000
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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.

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

Note 12 – Contingent Liabilities

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



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

Waterford Township
Washington County
P.O. Box 146
Waterford, Ohio 45786-0146

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 Waterford Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 24, 2007, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. In addition, we opined the financial statements were not fairly presented since the Township declined to adjust its financial statements or accounting records for disbursements not recorded in the proper funds. These adjustments result in a material misstatement of General Fund and Road and Bridge Fund cash balances as of December 31, 2005 and December 31, 2006. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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

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We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-006.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated May 24, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2006-001 through 2006-005.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 24, 2007.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

May 24, 2007

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2006-001

Finding for Adjustment and Significant Deficiency

Ohio Rev. Code Section 5705.10 (H) states that money paid into any fund shall only be used for the purposes for which such fund is established.

During 2005, the Township paid \$23,200 out of the Road and Bridge Fund to the Village of Beverly in accordance with a contract with the Village for an amount in addition to fire protection services. The Road and Bridge Fund is restrictive in regards to allowable expenditures. The amount in addition to the fire protection services is not an allowable expenditure for the Road and Bridge Fund.

A Finding for Adjustment is hereby issued against the General Fund of Waterford Township, Washington County, in the amount of \$23,200, and in favor of the Road and Bridge Fund in the amount of \$23,200. This adjustment was not made to the Township's accounting system or posted to the Township's financial statements.

Officials' Response: At this time, the Township chose not to make the fund balance adjustment because it would leave General Fund with approximately \$715. The adjustment will be made at a later date.

FINDING NUMBER 2006-002

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 135.18(A) provides, in part, that the treasurer shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above the portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government.

During 2006, the cash balances on deposit with the bank exceeded the \$100,000 federal deposit insurance limit and pledged securities in the following months:

Month	Amount Not Covered by FDIC and Pledged Securities
May	\$ 203,247
June	120,154
July	106,969
August	113,095
September	328,896
October	129,599
November	169,706
December	111,542

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2006-002 (Continued)

Noncompliance Citation and Significant Deficiency – Ohio Rev. Code Section 135.18(A) (Continued)

During 2005, the cash balances on deposit with the bank exceeded the \$100,000 federal deposit insurance limit and pledged securities in the following months:

Month	Amount Not Covered by FDIC and Pledged Securities
May	\$ 26,344
September	279,323
October	290,602
November	18,559

As a result, the monies of the Township were not adequately protected against loss in the event of a bank failure.

We recommend the Clerk and Trustees obtain additional specific pledged collateral for protection of the Township's monies, or alternatively, participate on the bank's public entity collateral pool, if used.

Officials' Response: On June 1, 2007, Waterford Bank had issued new pledged securities amounting to an additional \$350,000.

FINDING NUMBER 2006-003

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 5705.09(F) states each subdivision is required to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Ohio Revised Code Section 5705.36(A)(3) allows all subdivisions to request an increased amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater than the amount included in an official certificate. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. Ohio Rev. Code Section 5705.40 provides that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. However, no appropriation for any purpose may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2006-003 (Continued)

**Noncompliance Citation and Significant Deficiency - Ohio Rev. Code Section 5705.09(F)
(Continued)**

The Township was involved in an Issue II Ohio Public Works Commission project with Grandview Township, Newport Township and Washington County, where Grandview Township was the lead township on the project. The Ohio Public Works Commission (OPWC) paid the vendor directly for the project. The Board of Trustees did not establish an Issue II Fund for these monies. The Township Clerk did not post the receipt and the expenditure for the Issue II project to its books nor were budgetary adjustments approved for estimated resources and appropriations. As a result, receipts and disbursements were understated on the Township's books and annual financial report. Adjustments with which the Township's management agrees have been posted to the Township's books and are reflected in the accompanying financial statements. This also resulted in a budgetary violation as outlined in Finding Number 2006-004.

We recommend the Board of Trustees establish new funds as new funds are needed. We also recommend the Township Clerk record all Issue II receipts and disbursements in the Township's books. In addition, we recommend the Township obtain an amended certificate of estimated resources from the County Budget Commission, and the Board of Trustees approve supplemental appropriations.

Officials' Response: The Clerk did not realize that this was required. The supporting documentation was kept on file.

FINDING NUMBER 2006-004

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Expenditures exceeded appropriations at December 31, 2006 in the following funds:

Fund	Appropriation Authority	Actual Expenditures	Variance
General	\$ 221,863	\$ 224,039	\$ (2,176)
Cemetery	2,684	23,996	(21,312)
Special Fire	41,861	49,518	(7,657)
Special Fire and Ambulance	55,744	66,667	(10,923)

Expenditures exceeded appropriations at December 31, 2005 in the following funds:

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-004 (Continued)

**Noncompliance Citation and Significant Deficiency - Ohio Rev. Code Section 5705.41(B)
(Continued)**

Fund	Appropriation Authority	Actual Expenditures	Variance
General	\$ 138,727	\$ 271,136	\$ (132,409)
Gasoline Tax	100,600	101,153	(553)
Road and Bridge	330,792	417,380	(86,588)
Cemetery	14,240	35,144	(20,904)
Ambulance	118,874	130,787	(11,913)
Special Fire	30,000	42,677	(12,677)
Special Fire and Ambulance	45,500	74,636	(29,136)
Permissive Sales Tax	0	48,346	(48,346)
FEMA	36,581	55,980	(19,399)
Issue II	0	71,631	(71,631)

Additionally, at both December 31, 2006 and 2005, numerous appropriation line items (the legal level of control) in the General, Gasoline Tax, Road and Bridge, Cemetery, Ambulance, Special Fire, and Special Fire and Ambulance Funds had expenditures that exceeded appropriations.

This resulted in the aforementioned funds expending more than was appropriated.

The Township Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Township Clerk may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response: The Clerk's understanding of this requirement was that if an amended certificate is processed, then the appropriations are increased as well.

FINDING NUMBER 2006-005

Noncompliance Citation and Significant Deficiency

Ohio Admin. Code Section 117-2-02(C)(1) states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2006, estimated resources as approved by the Budget Commission did not agree to the Township's ledgers for eight funds. The variances and funds are as follows:

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2006-005 (Continued)

**Noncompliance Citation and Significant Deficiency - Ohio Admin. Code Section 117-2-02(C)(1)
(Continued)**

Fund	Estimated Receipts Per Budget Commission	Amounts Per Township Reports	Variance
General Fund	\$ 296,704	\$ 273,730	\$ (22,974)
Road and Bridge	585,461	457,697	(127,764)
Cemetery	54,275	48,550	(5,725)
Ambulance	144,148	124,205	(19,943)
Special Fire	54,227	46,509	(7,718)
Special Fire and Ambulance	110,934	82,020	(28,914)
Special Fire and Ambulance Levy	48,290	43,646	(4,644)
Permissive Sales Tax	43,050	49,859	6,809

At December 31, 2005, estimated resources as approved by the Budget Commission did not agree to the Township's ledgers for four funds. The variances and funds are as follows:

Fund	Estimated Receipts Per Budget Commission	Amounts Per Township Reports	Variance
General	\$ 202,189	\$ 210,788	\$ 8,599
Gasoline Tax	91,525	136,706	45,181
Cemetery	29,200	35,625	6,425
Permissive Sales Tax	43,267	56,865	13,598

Additionally, the original budgeted amounts for the major funds were not posted correctly to the system for the General, Road and Bridge, Ambulance, and Special Fire and Ambulance Levy Funds in 2006 and the Gasoline Tax Fund in 2005.

At December 31, 2006, we found appropriations as approved by the Board of Trustees did not agree to the Township's ledgers for seven funds. The variances and funds are as follows:

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2006-005 (Continued)

**Noncompliance Citation and Significant Deficiency - Ohio Admin. Code Section 117-2-02(C)(1)
(Continued)**

Fund	Appropriations Per Board of Trustees	Amounts Per Township Reports	Variance
General	\$ 221,863	\$ 245,433	\$ (23,570)
Road and Bridge	383,332	481,750	(98,418)
Cemetery	2,684	26,309	(23,625)
Ambulance	133,587	152,587	(19,000)
Special Fire	41,861	50,072	(8,211)
Special Fire and Ambulance	55,744	84,658	(28,914)
Special Fire and Ambulance Levy	60,248	64,892	(4,644)

At December 31, 2005, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers for twelve funds. The variances and funds are as follows:

Fund	Appropriations Per Board of Trustees	Amounts Per Township Reports	Variance
General	\$ 136,227	\$ 274,281	\$ (138,054)
Motor Vehicle License Tax	25,000	28,562	(3,562)
Gasoline Tax	100,600	132,676	(32,076)
Road and Bridge	330,792	528,104	(197,312)
Cemetery	14,240	52,855	(38,615)
Ambulance	118,874	155,357	(36,483)
Special Fire	30,250	45,890	(15,640)
Special Fire and Ambulance	45,850	78,814	(32,964)
Special Fire and Ambulance Levy	38,500	55,267	(16,767)
Permissive Sales Tax	0	56,865	(56,865)
Waterford Lights	7,850	9,687	(1,837)
FEMA	36,581	75,379	(38,798)

Additionally, there were several line item appropriations as approved by the Board of Trustees that were not posted correctly to the Township's system in 2005 and 2006.

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control. This also resulted in issues of non-compliance with the Ohio Revised Code, additional audit time, and audit adjustments.

We recommend the Clerk accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board of Trustees into the computer system and only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-005 (Continued)

**Noncompliance Citation and Significant Deficiency - Ohio Admin. Code Section 117-2-02(C)(1)
(Continued)**

Officials' Response: The Clerk's understanding of this requirement was that if an amended certificate is processed, then the appropriations are increased as well.

FINDING NUMBER 2006-006

Significant Deficiency

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During the audit period, the Township Clerk posted certain revenue transactions incorrectly. Public utility reimbursement, DRETAC reimbursement, personal property tax exemption, tangible personal property tax reimbursement and local government were posted to tax revenue rather than intergovernmental revenue, and payments from Duke Energy for property taxes were posted to miscellaneous revenue rather than tax revenue. In addition, the Township Clerk posted homestead and rollback in total to the General Fund instead of the General, Road and Bridge, Ambulance, Fire, Special Fire and Ambulance, and Special Fire and Ambulance Levy. Personal property was posted to the Ambulance Fund instead of the Special Fire and Ambulance Levy. Motor vehicle license tax was posted to the Gasoline Tax Fund instead of the Motor Vehicle License Tax Fund. Lastly, October 2006 interest in the amount of \$245 was not recorded in the General, Gasoline Tax and Motor Vehicle License Tax Funds.

Also, during the audit period the Township Clerk posted certain expenditure transactions incorrectly. Expenditures in the Ambulance Fund, Fire Fund, Special Fire and Ambulance Fund and Special Fire and Ambulance Levy Fund were posted to general government instead of public safety. The expenditures were for salaries and benefits of EMT's, utilities for the building and contracts for fire and ambulance services. The Township Clerk wrote several checks out of certain funds to other funds of the Township to cover expenses that were classified as Public Works and Health expenditures. These expenditures should have been classified as transfers and other financing uses (and other financing sources in the receiving funds). FEMA expenditures were classified as other expenditures instead of public works. Further, the Township Clerk posted debt service payments to capital outlay instead of principal and interest payments. The Township Clerk also made a fund balance adjustment at December 31, 2005 that was posted incorrectly causing an overstatement of \$855 in the General Fund and \$63 in the Road and Bridge Fund.

The following lists the net adjustments for each fund for the above errors as of December 31, 2006:

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2006-006 (Continued)

Significant Deficiency (Continued)

Fund	Net Adjustment
General Fund	\$ 489
Motor Vehicle License Tax	1,326
Gasoline Tax	(1,298)
Road & Bridge	416
Ambulance	16
Special Fire	53
Special Fire & Ambulance	53
Special Fire & Ambulance Levy	108
Total	\$ 1,163

In addition, the Gasoline Tax and Ambulance Funds were recorded as non-major funds in 2005 and were included in Other Governmental Funds. However, these funds qualified as major funds and were adjusted out of Other Governmental Funds and recorded as major funds.

As a result, these adjustments and significant reclassifications were made to the financial statements in order for the Township Clerk to correctly classify the sources and amounts of the Township's receipts and expenditures. These adjustments and reclassifications with which the Township's management agrees have been posted to the Township's books and are reflected in the accompanying financial statements.

We recommend the Township Clerk refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures. We further recommend that expenditures paid by check of the Township to the Township for the purpose of moving money from one fund to another to cover expenses in the receiving fund should be classified as transfers and approved by the Board of Trustees.

Officials' Response: In 2007, the Clerk asked the Auditor of State for help in the placement of funds due to discrepancies in the past with the recording of funds.

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	During 2003, two child-care providers were paid for child care services while EMT's went on squad runs for the Township; however, there was no Township policy or resolution reflecting the authority of these expenditures. A finding for recovery was issued for \$712.50 against the Township Trustees and Township Clerk.	Yes	Repaid October 7, 2005
2004-002	A deceased Township employee's widow was overpaid \$330.45 for vacation leave that was not earned. A finding for recovery was issued against Lorraine Kelby, wife of employee Marlin Kelby.	Yes	Repaid by Bonding Company on July 10, 2006
2004-003	The Township provided and paid for medical insurance for the Clerk and also reimbursed the Clerk for co-payments and out-of-pocket expenses during 2003 and 2004 that amounted to \$167.94. A finding for recovery was issued against Carolyn Huck Offenberger.	Yes	Repaid October 7, 2005
2004-004	The Township provided and paid for medical insurance for the Trustee Bessie Sparling and also reimbursed the Trustee for co-payments and out-of-pocket expenses during 2003 and 2004 that amounted to \$384.59. A finding for recovery was issued.	Yes	Repaid October 7, 2005
2004-005	The Township provided and paid for medical insurance for the Trustee James Randall Harper and also reimbursed the Trustee for co-payments and out-of-pocket expenses during 2003 that amounted to \$469.00. A finding for recovery was issued.	Yes	Repaid October 7, 2005

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

2004-006	The Township provided and paid for medical insurance for an employee and also reimbursed the employee for co-payments and out-of-pocket expenses during 2003 that amounted to \$518.00. A finding for recovery was issued against Jeffrey Babcock.	Yes	Repaid October 7, 2005
2004-007	The Township provided and paid for medical insurance for an employee and also reimbursed the employee for co-payments and out-of-pocket expenses during 2003 that amounted to \$673.35. A finding for recovery was issued against the estate of Marlin Kelby, former employee.	Yes	Repaid by Bonding Company on July 10, 2006
2004-008	The Township provided and paid for medical insurance for an employee and also reimbursed the employee for co-payments and out-of-pocket expenses during 2003 that amounted to \$65.35. A finding for recovery was issued against Ronald McCutcheon.	Yes	Repaid October 7, 2005
2004-009	The Township provided and paid for medical insurance for an employee and also reimbursed the employee for co-payments and out-of-pocket expenses during 2003 and 2004 that amounted to \$1,078. A finding for recovery was issued against Timothy Reed.	Yes	Repaid October 7, 2005
2004-010	During 2003 the Trustees were paid solely from the Road and Bridge Fund; however, the Trustees adopted a resolution indicating that 1% would be paid from the General Fund and 99% from the Road and Bridge Fund. A finding for adjustment was issued for \$272.48 in favor of the Road and Bridge Fund.	Yes	Adjustment was made by the Clerk on October 3, 2005.

**WATERFORD TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

2004-011	During 2004 the Township made an interest payment of \$412.32 related to debt for an emergency squad out of the Cemetery Fund. A finding for adjustment was issued against the Special Fire and Ambulance Levy Fund, in favor of the Cemetery Fund.	Yes	Adjustment was made by the Clerk on October 3, 2005.
2004-012	Ohio Rev. Code Section 5705.41(D)(1), not certifying the availability of funds prior to incurring an obligation.	No	Not corrected; Reissued in the management letter.
2004-013	Ohio Rev. Code Section 5705.41(B), actual disbursements exceeded appropriations at December 31, 2004 in five funds and at December 31, 2003 in three funds.	No	Not corrected; Reissued as Finding Number 2006-004.



Mary Taylor, CPA
Auditor of State

WATERFORD TOWNSHIP

WASHINGTON 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 7, 2007**