



Mary Taylor, CPA
Auditor of State

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wesley Township
Washington County
P.O. Box 114
Bartlett, OH 45713

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 Wesley 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 opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wesley 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, Fire/Ambulance, Permissive Sales Tax, and Miscellaneous Special Revenue 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 July 16, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

July 16, 2007

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

This discussion and analysis of the Wesley 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 decreased \$12,983, or 16 percent, a significant change from the prior year. The funds most affected by the decrease in cash and cash equivalents were the General, Gasoline Tax, and Road and Bridge Funds because these funds all received FEMA reimbursements in 2005 and not in 2006.

The Township's general receipts are primarily property taxes and intergovernmental revenues. These receipts represent respectively \$131,227 and 47 percent of the total cash received for governmental activities during the year. Property taxes for 2006 remained consistent from 2005; however, intergovernmental revenue decreased from 2005 to 2006 because there was a lot of FEMA money received in 2005 that was not received in 2006.

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$1,470, or 2 percent. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund because of the increase in Gasoline Tax.

The Township's general receipts are primarily property taxes and intergovernmental revenues. These receipts represent respectively \$131,876 and 42 percent of the total cash received for governmental activities during the year. Property receipts for 2005 changed very little compared to 2004 as development within the Township has slowed. However, intergovernmental increased from 2004 to 2005 with additional grants obtained.

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.

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.

Wesley Township
Washington County
Management's Discussion and Analysis
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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 Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of 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, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township 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 Township's Most Significant Funds

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

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements

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

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, Fire/Ambulance Fund, Permissive Sales Tax Fund, and Miscellaneous Special Revenue Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide 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
Assets		
Cash and Cash Equivalents	\$67,360	\$80,343
Total Assets	\$67,360	\$80,343
Net Assets		
Restricted for:		
Expendable	\$601	\$736
Nonexpendable	2,672	2,409
Other Purposes	43,430	53,947
Unrestricted	20,657	23,251
Total Net Assets	\$67,360	\$80,343

As mentioned previously, net assets of governmental activities decreased \$12,983 or 16 percent during 2006. The primary reason contributing to the decrease in cash balances are as follows:

- Decrease in FEMA reimbursements.

As mentioned previously, net assets of governmental activities increased \$1,470 or 2 percent during 2005. The primary reason contributing to the increase in cash balances are as follows:

- Increase in FEMA reimbursements.

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

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

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$100	\$150
Operating Grants and Contributions	140,289	179,560
Total Program Receipts	<u>140,389</u>	<u>179,710</u>
General Receipts:		
Property and Other Local Taxes	91,980	90,751
Grants and Entitlements Not Restricted to Specific Programs	39,247	41,125
Interest	1,005	1,134
Miscellaneous	3,966	2,883
Total General Receipts	<u>136,198</u>	<u>135,893</u>
Total Receipts	<u>276,587</u>	<u>315,603</u>
Disbursements:		
General Government	52,282	52,306
Public Safety	52,862	47,952
Public Works	171,624	199,705
Health	12,681	14,170
Capital Outlay	121	
Total Disbursements	<u>289,570</u>	<u>314,133</u>
Increase (Decrease) in Net Assets	(12,983)	1,470
Net Assets, January 1	<u>80,343</u>	<u>78,873</u>
Net Assets, December 31	<u>\$67,360</u>	<u>\$80,343</u>

For 2006, program receipts represent only 51 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gasoline tax, and permissive sales tax money.

For 2005, program receipts represent only 57 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gasoline tax money, permissive sales tax, and FEMA money.

In 2006, general receipts represent 49 percent of the Township's total receipts, and of this amount, over 68 percent are property tax receipts. Grants and entitlements make the balance of the Township's general receipts (29 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

In 2005, general receipts represent 43 percent of the Township's total receipts, and of this amount, over 67 percent are property tax receipts. Grants and entitlements make up the balance of the Township's general receipts (30 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include, but aren't limited to, the costs of trustee and clerk salaries, medical costs, insurances, retirement, and utilities. Public Safety is the cost

Wesley Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
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of fire protection; Public Works is the general maintenance as well as repair of roads; Health is health services; and Capital Outlay is the cost of equipment purchased by 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 compared to 2004.

Governmental Activities

If you look at the Statement of Activities on pages 10 and 23, 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, Public Safety, and General Government, which account for 59, 18, and 18 percent of all governmental disbursements, respectively for 2006. The major program disbursements for governmental activities are for Public Works, General Government, and Public Safety, which account for 64, 17, 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	\$52,282	\$44,805	\$52,306	\$52,306
Public Safety	52,862	52,862	47,952	47,952
Public Works	171,624	38,812	199,705	20,195
Health	12,681	12,581	14,170	14,020
Conservation-Recreation	0	0	0	(50)
Capital Outlay	121	121	0	0
Total Expenses	\$289,570	\$149,181	\$314,133	\$134,423

The dependence upon general receipts is apparent as over 52 percent and 43 percent of governmental activities are supported through these general receipts for 2006 and 2005, respectively.

The Township's Funds

For 2006 total governmental funds had receipts of \$275,890 and disbursements of \$289,570. 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 \$2,593, which is a 11 percent decrease for that fund. Receipts consist of local tax monies and intergovernmental revenue and expenditures are for the general operation of the Township. The fund balance of the Gasoline Tax Fund decreased \$8,745, which is a 36 percent decrease for that fund. Receipts consist of gasoline tax monies and expenditures are restricted to road maintenance. The fund balance of the Road and Bridge Fund decreased \$3,306, which is a 30 percent decrease for that fund. Receipts consist of local tax monies and expenditures are restricted to road and bridge maintenance.

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

For 2005 total governmental funds had receipts of \$315,310 and disbursements of \$314,133. The greatest change within governmental funds occurred within the General Fund, Miscellaneous Special Revenue Fund and Other Governmental Funds. The fund balance of the General Fund decreased \$5,614, which is a 19 percent decrease for that fund. The decrease was due to a decrease in revenue. The fund balance of the Miscellaneous Special Revenue Fund increased \$12,778, which is a 100 percent increase for that fund. The increase was due to an increase in FEMA receipts. The fund balance of the Other Governmental Funds decreased \$10,321, which is 65 percent decrease. The decrease was due to an increase in expenditures.

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 were changes from the original budget to the final budget. Final budgeted receipts were above original budgeted receipts due to a better estimate of tax receipts and intergovernmental receipts. The difference between final budgeted receipts and actual receipts was \$62.

For 2006 final disbursements were budgeted at \$65,366 while actual disbursements were \$60,766. The Township spent conservatively, spending well below the budgeted expenditure amounts. The Township disbursements exceeded receipts resulting in the decrease in fund balance of \$2,593 for 2006.

During 2005 there were changes from the original budget to the final budget. Final budgeted receipts were above original budgeted receipts due to a better estimate of tax receipts and intergovernmental. The difference between final budgeted receipts and actual receipts was \$772.

For 2005 final disbursements were budgeted at \$59,043 while actual disbursements were \$64,833. The Township disbursements exceeded receipts resulting in the decrease in fund balance of \$5,614 for 2005.

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: Tracy Kennedy, Township Clerk, Wesley Township, P.O. Box 114, Bartlett, Ohio 45713.

**WESLEY 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	\$ 67,360
<i>Total Assets</i>	<u>\$ 67,360</u>
Net Assets:	
Restricted for:	
Permanent Fund Purpose	
Expendable	\$ 601
Nonexpendable	2,672
Other Purposes	43,430
Unrestricted	<u>20,657</u>
<i>Total Net Assets</i>	<u>\$ 67,360</u>

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

**WESLEY 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	\$ 52,282	\$	\$ 7,477	\$ (44,805)
Public Safety	52,862			(52,862)
Public Works	171,624		132,812	(38,812)
Health	12,681	100		(12,581)
Capital Outlay	121			(121)
<i>Total Governmental Activities</i>	\$ 289,570	\$ 100	\$ 140,289	(149,181)
		General Receipts:		
		Property Taxes Levied for:		
		General Purposes		91,980
		Grants and Entitlements not Restricted to Specific Programs		39,247
		Interest		1,005
		Miscellaneous		3,966
		<i>Total General Receipts</i>		136,198
		<i>Change in Net Assets</i>		(12,983)
		Net Assets Beginning of Year		80,343
		Net Assets End of Year		\$ 67,360

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

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**WESLEY 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:			
Equity in Pooled Cash and Cash Equivalents	\$ 20,657	\$ 15,363	\$ 7,621
<i>Total Assets</i>	\$ 20,657	\$ 15,363	\$ 7,621
Fund Balances:			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	\$ 20,657		
Special Revenue Funds		\$ 15,363	\$ 7,621
Permanent Fund			
<i>Total Fund Balances</i>	\$ 20,657	\$ 15,363	\$ 7,621

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

Fire/ Ambulance	Permissive Sales Tax	Miscellaneous Special Revenue	Other Governmental Funds	Total Governmental Funds
\$ 1,494		\$ 11,267	\$ 10,958	\$ 67,360
<u>\$ 1,494</u>	<u>\$ 0</u>	<u>\$ 11,267</u>	<u>\$ 10,958</u>	<u>\$ 67,360</u>
\$ 1,494		\$ 11,267	\$ 7,685	\$ 20,657
			3,273	43,430
<u>\$ 1,494</u>	<u>\$ 0</u>	<u>\$ 11,267</u>	<u>\$ 10,958</u>	<u>\$ 67,360</u>

**WESLEY 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	\$ 23,690	\$	\$ 22,249
Licenses, Permits and Fees			
Intergovernmental	33,276	88,433	7,619
Special Assessments			
Interest	510	184	
Other		160	160
<i>Total Cash Receipts</i>	57,476	88,777	30,028
Cash Disbursements:			
Current:			
General Government	50,771		
Public Safety			528
Public Works	99	97,522	32,806
Health	9,775		
Capital Outlay	121		
<i>Total Cash Disbursements</i>	60,766	97,522	33,334
 <i>Excess of Cash Receipts Over (Under)</i>			
<i>Cash Disbursements</i>	(3,290)	(8,745)	(3,306)
 Other Financing Sources (Uses):			
Other Financing Sources	697		
<i>Total Other Financing Sources (Uses)</i>	697	0	0
 <i>Net Change in Fund Balances</i>			
	(2,593)	(8,745)	(3,306)
 Fund Balances Beginning of Year			
	23,250	24,108	10,927
 Fund Balances End of Year			
	\$ 20,657	\$ 15,363	\$ 7,621

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

Fire/ Ambulance	Permissive Sales Tax	Miscellaneous Special Revenue	Other Governmental Funds	Total Governmental Funds
\$ 44,903	\$	\$	\$	\$ 90,842
			2,950	2,950
4,991	30,179		14,867	179,365
			1,138	1,138
			311	1,005
			270	590
<u>49,894</u>	<u>30,179</u>	<u>0</u>	<u>19,536</u>	<u>275,890</u>
		1,511		52,282
52,142			192	52,862
	30,179		11,018	171,624
			2,906	12,681
				121
<u>52,142</u>	<u>30,179</u>	<u>1,511</u>	<u>14,116</u>	<u>289,570</u>
(2,248)	0	(1,511)	5,420	(13,680)
				697
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>697</u>
(2,248)	0	(1,511)	5,420	(12,983)
3,742	0	12,778	5,538	80,343
<u>\$ 1,494</u>	<u>\$ 0</u>	<u>\$ 11,267</u>	<u>\$ 10,958</u>	<u>\$ 67,360</u>

**WESLEY 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	\$ 23,000	\$ 23,690	\$ 23,690	\$ 0
Intergovernmental	32,955	33,276	33,276	0
Interest	200	510	510	0
<i>Total Receipts</i>	<u>56,155</u>	<u>57,476</u>	<u>57,476</u>	<u>0</u>
Disbursements:				
Current:				
General Government	55,343	55,343	50,771	4,572
Public Works	105	105	99	6
Health	9,797	9,797	9,775	22
Capital Outlay	121	121	121	0
<i>Total Disbursements</i>	<u>65,366</u>	<u>65,366</u>	<u>60,766</u>	<u>4,600</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,211)</u>	<u>(7,890)</u>	<u>(3,290)</u>	<u>4,600</u>
Other Financing Sources (Uses):				
Other Financing Sources		635	697	62
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>635</u>	<u>697</u>	<u>62</u>
<i>Net Change in Fund Balance</i>	(9,211)	(7,255)	(2,593)	4,662
Fund Balance Beginning of Year	<u>23,250</u>	<u>23,250</u>	<u>23,250</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 14,039</u>	<u>\$ 15,995</u>	<u>\$ 20,657</u>	<u>\$ 4,662</u>

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

**WESLEY 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>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 79,500	\$ 88,564	\$ 88,433	\$ (131)
Interest	200	200	184	(16)
Other			160	160
<i>Total Receipts</i>	<u>79,700</u>	<u>88,764</u>	<u>88,777</u>	<u>13</u>
Disbursements:				
Current:				
Public Works	103,308	103,308	97,522	5,786
<i>Total Disbursements</i>	<u>103,308</u>	<u>103,308</u>	<u>97,522</u>	<u>5,786</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(23,608)	(14,544)	(8,745)	5,799
Fund Balance Beginning of Year	<u>24,108</u>	<u>24,108</u>	<u>24,108</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 500</u>	<u>\$ 9,564</u>	<u>\$ 15,363</u>	<u>\$ 5,799</u>

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

**WESLEY 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>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property and Other Local Taxes	\$ 21,800	\$ 21,800	\$ 22,249	\$ 449
Intergovernmental	1,900	8,228	7,619	(609)
Other			160	160
<i>Total Receipts</i>	<u>23,700</u>	<u>30,028</u>	<u>30,028</u>	<u>0</u>
Disbursements:				
Current:				
Public Safety	600	600	528	72
Public Works	34,027	34,027	32,806	1,221
<i>Total Disbursements</i>	<u>34,627</u>	<u>34,627</u>	<u>33,334</u>	<u>1,293</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(10,927)	(4,599)	(3,306)	1,293
Fund Balance Beginning of Year	<u>10,927</u>	<u>10,927</u>	<u>10,927</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 6,328</u>	<u>\$ 7,621</u>	<u>\$ 1,293</u>

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

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$ 44,500	\$ 44,500	\$ 44,903	\$ 403
Intergovernmental	4,092	5,202	4,991	(211)
<i>Total Receipts</i>	<u>48,592</u>	<u>49,702</u>	<u>49,894</u>	<u>192</u>
Disbursements:				
Current:				
Public Safety	52,142	52,142	52,142	0
<i>Total Disbursements</i>	<u>52,142</u>	<u>52,142</u>	<u>52,142</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,550)</u>	<u>(2,440)</u>	<u>(2,248)</u>	<u>192</u>
<i>Net Change in Fund Balance</i>	(3,550)	(2,440)	(2,248)	192
Fund Balance Beginning of Year	<u>3,742</u>	<u>3,742</u>	<u>3,742</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 192</u>	<u>\$ 1,302</u>	<u>\$ 1,494</u>	<u>\$ 192</u>

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

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 30,870	\$ 30,870	\$ 30,179	\$ (691)
<i>Total Receipts</i>	<u>30,870</u>	<u>30,870</u>	<u>30,179</u>	<u>(691)</u>
Disbursements				
Current:				
Public Works	33,834	33,834	30,179	3,655
<i>Total Disbursements</i>	<u>33,834</u>	<u>33,834</u>	<u>30,179</u>	<u>3,655</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,964)	(2,964)	0	2,964
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ (2,964)</u></u>	<u><u>\$ (2,964)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,964</u></u>

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

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
MISCELLANEOUS SPECIAL REVENUE 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>		
Disbursements:				
Current:				
General Government	\$ 1,861	\$ 1,861	\$ 1,511	\$ 350
Public Works	10,917	10,917	10,917	10,917
<i>Total Disbursements</i>	<u>12,778</u>	<u>12,778</u>	<u>1,511</u>	<u>11,267</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(12,778)	(12,778)	(1,511)	11,267
Fund Balance Beginning of Year	<u>12,778</u>	<u>12,778</u>	<u>12,778</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 11,267</u>	<u>\$ 11,267</u>

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

**WESLEY 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	\$ 80,343
<i>Total Assets</i>	\$ 80,343
 Net Assets:	
Restricted for:	
Permanent Fund Purpose	
Expendable	\$ 736
Nonexpendable	2,409
Other Purposes	53,947
Unrestricted	23,251
<i>Total Net Assets</i>	\$ 80,343

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

**WESLEY 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	Governmental Activities
Governmental Activities:			
General Government	\$ 52,306	\$	\$ (52,306)
Public Safety	47,952		(47,952)
Public Works	199,705	179,510	(20,195)
Health	14,170	150	(14,020)
Conservation-Recreation		50	50
<i>Total Governmental Activities</i>	<u>\$ 314,133</u>	<u>\$ 150</u>	<u>\$ (134,423)</u>
		General Receipts:	
		Property Taxes Levied for:	
		General Purposes	90,751
		Grants and Entitlements not Restricted to Specific Programs	41,125
		Interest	1,134
		Miscellaneous	2,883
		<i>Total General Receipts</i>	<u>135,893</u>
		<i>Change in Net Assets</i>	1,470
		Net Assets Beginning of Year	78,873
		Net Assets End of Year	\$ 80,343

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

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

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

	General	Gasoline Tax	Road and Bridge
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 23,250	\$ 24,108	\$ 10,927
<i>Total Assets</i>	\$ 23,250	\$ 24,108	\$ 10,927
Fund Balances:			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	\$ 23,250		
Special Revenue Funds		\$ 24,108	\$ 10,927
Permanent Fund			
<i>Total Fund Balances</i>	\$ 23,250	\$ 24,108	\$ 10,927

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

Fire/ Ambulance	Permissive Sales Tax	Miscellaneous Special Revenue	Other Governmental Funds	Total Governmental Funds
\$ 3,742		\$ 12,778	\$ 5,538	\$ 80,343
<u>\$ 3,742</u>	<u>\$ 0</u>	<u>\$ 12,778</u>	<u>\$ 5,538</u>	<u>\$ 80,343</u>
\$ 3,742		\$ 12,778	\$ 2,392	\$ 23,250
			3,146	53,947
<u>\$ 3,742</u>	<u>\$ 0</u>	<u>\$ 12,778</u>	<u>\$ 5,538</u>	<u>\$ 80,343</u>

**WESLEY 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
Cash Receipts:			
Property and Other Local Taxes	\$ 23,048	\$	\$ 21,894
Licenses, Permits and Fees			
Intergovernmental	33,812	79,270	2,194
Special Assessments			
Interest	658	218	
Other		45	
<i>Total Cash Receipts</i>	57,518	79,533	24,088
Cash Disbursements:			
Current:			
General Government	52,013		
Public Safety			519
Public Works		77,431	29,195
Health	11,770		
<i>Total Cash Disbursements</i>	63,783	77,431	29,714
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	(6,265)	2,102	(5,626)
Other Financing Sources (Uses):			
Transfers In	883	1,106	5,336
Transfers Out			
Advances In	525		
Advances Out	(1,050)		
Other Financing Sources	293		
<i>Total Other Financing Sources (Uses)</i>	651	1,106	5,336
<i>Net Change in Fund Balances</i>	(5,614)	3,208	(290)
Fund Balances Beginning of Year	28,864	20,900	11,217
<i>Fund Balances End of Year</i>	\$ 23,250	\$ 24,108	\$ 10,927

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

Fire/ Ambulance	Permissive Sales Tax	Miscellaneous Special Revenue	Other Governmental Funds	Total Governmental Funds
\$ 44,553	\$	\$	\$	\$ 89,495
			2,425	2,425
4,589	36,787	48,373	15,610	220,635
			1,256	1,256
			258	1,134
			320	365
<u>49,142</u>	<u>36,787</u>	<u>48,373</u>	<u>19,869</u>	<u>315,310</u>
			293	52,306
47,433				47,952
	36,787	34,225	22,067	199,705
			2,400	14,170
<u>47,433</u>	<u>36,787</u>	<u>34,225</u>	<u>24,760</u>	<u>314,133</u>
<u>1,709</u>	<u>0</u>	<u>14,148</u>	<u>(4,891)</u>	<u>1,177</u>
			228	7,553
		(1,370)	(6,183)	(7,553)
			1,050	1,575
			(525)	(1,575)
				293
<u>0</u>	<u>0</u>	<u>(1,370)</u>	<u>(5,430)</u>	<u>293</u>
1,709	0	12,778	(10,321)	1,470
<u>2,033</u>	<u>0</u>	<u>0</u>	<u>15,859</u>	<u>78,873</u>
<u>\$ 3,742</u>	<u>\$ 0</u>	<u>\$ 12,778</u>	<u>\$ 5,538</u>	<u>\$ 80,343</u>

**WESLEY 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>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and Other Local Taxes	\$ 23,048	\$ 23,048	\$ 23,048	\$ 0
Intergovernmental	29,444	33,812	33,812	0
Interest	658	658	658	0
<i>Total Receipts</i>	<u>53,150</u>	<u>57,518</u>	<u>57,518</u>	<u>0</u>
Disbursements:				
Current:				
General Government	53,043	53,043	52,013	1,030
Public Works	1,000	1,000		1,000
Health	4,000	4,000	11,770	(7,770)
Capital Outlay	1,000	1,000		1,000
<i>Total Disbursements</i>	<u>59,043</u>	<u>59,043</u>	<u>63,783</u>	<u>(4,740)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,893)</u>	<u>(1,525)</u>	<u>(6,265)</u>	<u>(4,740)</u>
Other Financing Sources (Uses):				
Transfers In	883	883	883	0
Advances In			525	525
Advances Out			(1,050)	(1,050)
Other Financing Sources		46	293	247
<i>Total Other Financing Sources (Uses)</i>	<u>883</u>	<u>929</u>	<u>651</u>	<u>(278)</u>
<i>Net Change in Fund Balance</i>	(5,010)	(596)	(5,614)	(5,018)
Fund Balance Beginning of Year	<u>28,864</u>	<u>28,864</u>	<u>28,864</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 23,854</u>	<u>\$ 28,268</u>	<u>\$ 23,250</u>	<u>\$ (5,018)</u>

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

**WESLEY 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>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 60,731	\$ 78,785	\$ 79,270	\$ 485
Interest	218	218	218	0
Other	45	45	45	0
<i>Total Receipts</i>	<u>60,994</u>	<u>79,048</u>	<u>79,533</u>	<u>485</u>
Disbursements:				
Current:				
Public Works	83,000	83,000	77,431	5,569
<i>Total Disbursements</i>	<u>83,000</u>	<u>83,000</u>	<u>77,431</u>	<u>5,569</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(22,006)	(3,952)	2,102	6,054
Other Financing Sources (Uses)				
Transfers In	1,106	1,106	1,106	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,106</u>	<u>1,106</u>	<u>1,106</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(20,900)	(2,846)	3,208	6,054
Fund Balance Beginning of Year	<u>20,900</u>	<u>20,900</u>	<u>20,900</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 18,054</u>	<u>\$ 24,108</u>	<u>\$ 6,054</u>

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

**WESLEY 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	\$ 19,000	\$ 23,495	\$ 21,894	\$ (1,601)
Intergovernmental	2,651	2,354	2,194	(160)
<i>Total Receipts</i>	<u>21,651</u>	<u>25,849</u>	<u>24,088</u>	<u>(1,761)</u>
Disbursements:				
Current:				
Public Safety	600	600	519	81
Public Works	32,267	32,267	29,195	3,072
<i>Total Disbursements</i>	<u>32,867</u>	<u>32,867</u>	<u>29,714</u>	<u>3,153</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(11,216)	(7,018)	(5,626)	1,392
Other Financing Sources (Uses)				
Transfers Out			5,336	5,336
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>5,336</u>	<u>5,336</u>
<i>Net Change in Fund Balance</i>	(11,216)	(7,018)	(290)	6,728
Fund Balance Beginning of Year	<u>11,217</u>	<u>11,217</u>	<u>11,217</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ 1</u></u>	<u><u>\$ 4,199</u></u>	<u><u>\$ 10,927</u></u>	<u><u>\$ 6,728</u></u>

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

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE/AMBULANCE 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:				
Property and Other Local Taxes	\$ 41,160	\$ 43,003	\$ 44,553	\$ 1,550
Intergovernmental	4,240	4,430	4,589	159
<i>Total Receipts</i>	<u>45,400</u>	<u>47,433</u>	<u>49,142</u>	<u>1,709</u>
Disbursements:				
Current:				
Public Safety	47,433	47,433	47,433	0
<i>Total Disbursements</i>	<u>47,433</u>	<u>47,433</u>	<u>47,433</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,033)</u>	<u>0</u>	<u>1,709</u>	<u>1,709</u>
<i>Net Change in Fund Balance</i>	(2,033)	0	1,709	1,709
Fund Balance Beginning of Year	<u>2,033</u>	<u>2,033</u>	<u>2,033</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 2,033</u>	<u>\$ 3,742</u>	<u>\$ 1,709</u>

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

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 31,710	\$ 31,710	\$ 36,787	\$ 5,077
<i>Total Receipts</i>	<u>31,710</u>	<u>31,710</u>	<u>36,787</u>	<u>5,077</u>
Disbursements:				
Current:				
Public Works	39,751	39,751	36,787	2,964
<i>Total Disbursements</i>	<u>39,751</u>	<u>39,751</u>	<u>36,787</u>	<u>2,964</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,041)	(8,041)	0	8,041
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$ (8,041)</u></u>	<u><u>\$ (8,041)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 8,041</u></u>

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

**WESLEY TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
MISCELLANEOUS SPECIAL REVENUE 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	\$ 46,062	\$ 46,062	\$ 48,373	\$ 2,311
<i>Total Receipts</i>	<u>46,062</u>	<u>46,062</u>	<u>48,373</u>	<u>2,311</u>
Disbursements:				
Current:				
General Government	1,861	1,861		1,861
Public Works	42,780	42,780	34,225	8,555
<i>Total Disbursements</i>	<u>44,641</u>	<u>44,641</u>	<u>34,225</u>	<u>10,416</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,421</u>	<u>1,421</u>	<u>14,148</u>	<u>12,727</u>
Other Financing Sources (Uses):				
Transfers Out	(1,421)	(1,421)	(1,370)	51
<i>Total Other Financing Sources (Uses)</i>	<u>(1,421)</u>	<u>(1,421)</u>	<u>(1,370)</u>	<u>51</u>
<i>Net Change in Fund Balance</i>	0	0	12,778	12,778
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,778</u>	<u>\$ 12,778</u>

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

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

Note 1 - Reporting Entity

Wesley 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 Wesley Township Volunteer Fire Department for fire protection. Police protection is provided by the Washington County Sheriff's 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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.

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 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 major governmental funds are General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire/Ambulance Fund, Permissive Sales Tax Fund, and Miscellaneous Special Revenue 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.

Fire/Ambulance Fund – This fund receives special 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds (Continued)

Permissive Sales Tax Fund – This fund receives money from the Washington County Commissioners from the County's Permissive Sales Tax levy. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Miscellaneous Special Revenue – This fund received money from the Federal Emergency Management Agency. Funds are restricted for the purpose of repairing flood damaged areas in the Township.

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Cash

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.

During 2006 and 2005, the Township invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006 and 2005.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$510 which includes \$283 assigned from other Township funds. Interest receipts credited to the General Fund during 2005 was \$658 which includes \$499 assigned from other Township funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Accumulated Leave

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

I. 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.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance, fire protection, 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.

L. Fund Balance Reserves

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

M. Interfund Transactions

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

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

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 - Compliance

Compliance

At December 31, 2005, the Township had appropriations in excess of estimated resources in the Motor Vehicle License Tax Fund in the amount of \$1,099 and the Cemetery Fund in the amount \$2,041, contrary to Ohio Rev. Code Section 5705.39.

At December 31, 2005, the Township had expenditures in excess of appropriations in the General Fund in the amount of \$4,740 and the Miscellaneous Special Revenue Fund (2904) in the amount of \$1,912, contrary to Ohio Rev. Code Section 5705.41(B).

At December 31, 2005, the Township had expenditures in excess of appropriations at the legal level of control in the Special Assessment Fund – Contract Services line in the amount of \$116. Also, at December 31, 2006, the Township had expenditures in excess of appropriations at the legal level of control in the Road and Bridge Fund – Medical Hospitalization line in the amount of \$3,971 and in the Cemetery Fund – Contract Services line in the amount of \$1,275, 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 – Budget Basis presented for the General Fund, and the following major special revenue funds: Gasoline Tax Fund, Road and Bridge Fund, Fire/Ambulance Fund, Permissive Sales Tax Fund, and Miscellaneous Special Revenue 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:

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).

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

Note 6 - Deposits and Investments (Continued)

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

Deposits

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

Investments

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

	Carrying Value	Maturity
STAROhio	\$2,672	35 days

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

	Carrying Value	Maturity
STAROhio	\$2,545	30 days

Interest rate risk arises because the fair value of investments changes as interest rates change. STAR-Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 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.

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

Note 7 - Property Taxes (Continued)

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 \$7.90 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	\$3,863,180
Agricultural	3,661,590
Commercial/Industrial/Mineral	514,100
Tangible Personal Property	
Business	192,990
Public Utility	3,675,910
Total Assessed Value	\$11,907,770

The full tax rate for all Township operations for the year ended December 31, 2005, was \$7.90 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:

Real Property	
Residential	\$3,726,550
Agricultural	3,669,790
Commercial/Industrial/Mineral	552,590
Tangible Personal Property	
Business	354,090
Public Utility	3,794,930
Total Assessed Value	\$12,097,950

Note 8 - Risk Management

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

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

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

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.

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:

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

Note 8 - Risk Management (Continued)

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
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	<u>(676,709)</u>	<u>(1,406,031)</u>
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 townships in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$8,000. 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>	
2006	\$3,865
2005	\$4,269
2004	\$4,366

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 \$8,370, and \$8,102, 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.

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

Note 10 - Postemployment Benefits (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 \$2,749 in 2006 and \$2,392 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 2005, the following transfers were made:

Transfers from Miscellaneous Special Revenue Fund to:	
General Fund	\$883
Gasoline Tax Fund	154
Road and Bridge Fund	333
Total Transfers from Miscellaneous Special Revenue Fund	\$1,370
Transfers from Other Governmental Funds to:	
Gasoline Tax Fund	\$952
Road and Bridge Fund	5,003
Other Governmental Funds	228
Total Transfers from Other Governmental Funds	\$6,183

The intended purpose of the transfers was to repay the various funds for FEMA expenditures initially made from the above listed funds.

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.

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

Note 13 - Related Parties

Gary Ginther, Township Trustee, is an employee of Burkhart Trucking, a company in which the Township does business. The Township paid \$8,167 to Burkhart Trucking in 2006 and \$3,325 in 2005.

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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

Wesley Township
Washington County
P.O. Box 114
Bartlett, OH 45713

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 Wesley 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 July 16, 2007, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. 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 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.

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 2006-003.

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 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 July 16, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance 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 2006-003.

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 July 16, 2007.

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

July 16, 2007

**WESLEY 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

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 receipts as approved by the Budget Commission did not agree to the Township's ledgers as follows:

Fund	Estimated Receipts Per Budget Commission	Amounts Per Township Reports	Variance
General Fund	\$ 58,112	\$ 56,155	\$ (1,957)
Motor Vehicle License Tax Fund	15,007	12,500	(2,507)
Gasoline Tax Fund	88,764	79,700	(9,064)
Road and Bridge Fund	30,028	23,700	(6,328)
Cemetery Fund	3,102	5,450	2,348
Fire/Ambulance Fund	49,702	48,592	(1,110)
Permissive Sales Tax Fund	30,870	34,674	3,804
Cemetery Bequest Fund	142	50	(92)

At April 30, 2006, estimated receipts as approved by the Budget Commission did not agree to the Township's ledgers as follows:

Fund	Estimated Receipts Per Budget Commission	Amounts Per Township Reports	Variance
Fire/Ambulance Fund	\$ 48,400	\$ 48,592	\$ 192
Permissive Sales Tax Fund	30,870	39,751	8,881
Cemetery Bequest Fund	77	50	(27)

At December 31, 2005, estimated receipts as approved by the Budget Commission did not agree to the Township's ledgers as follows:

**WESLEY 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 2006-001 (Continued)

Noncompliance Citation and Significant Deficiency (Continued)

Fund	Estimated Receipts Per Budget Commission	Amounts Per Township Reports	Variance
General Fund	\$ 58,447	\$ 59,219	\$ 772
Motor Vehicle License Tax Fund	12,701	12,946	245
Gasoline Tax Fund	80,154	80,639	485
Road and Bridge Fund	25,849	29,425	3,576
Fire Levy Fund	0	192	192
Fire/Ambulance Fund	48,913	49,142	229
Permissive Sales Tax Fund	31,710	36,787	5,077
Special Assessments Fund	1,200	2,306	1,106
Miscellaneous Special Revenue 2902	50	150	100
Miscellaneous Special Revenue 2903	46,062	48,373	2,311
Miscellaneous Special Revenue 2904	0	1,988	1,988
Nonexpendable Trust Fund	30	126	96

At March 31, 2005, estimated receipts as approved by the Budget Commission did not agree to the Township's ledgers as follows:

Fund	Estimated Receipts Per Budget Commission	Amounts Per Township Reports	Variance
General Fund	\$ 54,033	\$ 53,919	\$ (114)
Fire/Ambulance Fund	45,400	45,820	420
Permissive Sales Tax Fund	31,710	39,751	8,041
Special Assessments Fund	1,200	1,725	525
Miscellaneous Special Revenue 2902	50	0	(50)
Nonexpendable Trust Fund	30	130	100

At December 31, 2006, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers as follows:

**WESLEY 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 2006-001 (Continued)

Noncompliance Citation and Significant Deficiency (Continued)

Fund	Appropriations Per Board of Trustees	Amounts Per Township Reports	Variance
Permissive Sales Tax Fund	\$ 33,834	\$ 34,674	\$ 840
Cemetery Bequest Fund	77	154	77

At April 30, 2006, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers as follows:

Fund	Appropriations Per Board of Trustees	Amounts Per Township Reports	Variance
Gasoline Tax Fund	\$ 103,808	\$ 103,308	\$ (500)
Fire Levy Fund	0	192	192
Cemetery Bequest Fund	77	154	77

At December 31, 2005, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers as follows:

Fund	Appropriations Per Board of Trustees	Amounts Per Township Reports	Variance
General Fund	\$ 59,043	\$ 69,043	\$ 10,000
Gasoline Tax Fund	83,000	83,405	405
Road and Bridge Fund	32,867	34,294	1,427
Special Assessments Fund	1,417	2,467	1,050
Miscellaneous Special Revenue 2902	23,904	0	(23,904)
Miscellaneous Special Revenue 2903	46,062	48,373	2,311
Miscellaneous Special Revenue 2904	0	1,988	1,988

At April 30, 2005, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers as follows:

**WESLEY 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 2006-001 (Continued)

Noncompliance Citation and Significant Deficiency (Continued)

<u>Fund</u>	<u>Appropriations Per Board of Trustees</u>	<u>Amounts Per Township Reports</u>	<u>Variance</u>
Special Assessments Fund	\$ 1,417	\$ 1,942	\$ 525
Miscellaneous Special Revenue 2903	0	48,373	48,373

Additionally, the original and final budgeted amounts for the major funds were not posted correctly to the system for the General, Gasoline Tax, Road and Bridge, Fire/Ambulance, Permissive Sales Tax and Miscellaneous Special Revenue Funds in both 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 Ohio Rev. Code, additional audit time, and audit adjustments.

We recommend the Fiscal Officer 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.

FINDING NUMBER 2006-002

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Total appropriations exceeded estimated resources at December 31, 2005, as follows:

<u>Fund</u>	<u>Certified Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
Motor Vehicle License Tax	\$ 20,642	\$ 21,741	\$(1,099)
Cemetery	3,784	5,825	(2,041)

This could cause the Township to spend in excess of their estimated resources.

**WESLEY 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 5705.39 (Continued)

We recommend the Fiscal Officer monitor estimated resources and appropriations to ensure that appropriations do not exceed estimated resources.

FINDING NUMBER 2006-003

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, 2005, in the following funds:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 59,043	\$ 63,783	\$ (4,740)
Miscellaneous Special Revenue (2904)	0	1,912	(1,912)

Expenditures exceeded appropriations at December 31, 2006 at the legal level of control as follows:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Road and Bridge - Medical Hospitalization	\$ 2,000	\$ 5,971	\$ (3,971)
Cemetery - Contracted Services	1,000	2,275	(1,275)

Expenditures exceeded appropriations at December 31, 2005 at the legal level of control as follows:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Special Assessment - Contracted Services	\$ 1,417	\$ 1,533	\$ (116)

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

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

Officials' Response: We did not receive a response from Officials to the findings reported above.



Mary Taylor, CPA
Auditor of State

WESLEY 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
OCTOBER 2, 2007**