



Mary Taylor, CPA  
Auditor of State



**ADDISON TOWNSHIP  
GALLIA COUNTY**

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GALLIA COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Addison Township  
Gallia County  
1414 Georges Creek Road  
Gallipolis, Ohio 45631

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 Addison Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 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 Addison Township, Gallia County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge and Special Levy Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2008, 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

August 8, 2008

Addison Township  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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This discussion and analysis of the Addison Township's (the Township), financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's modified 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:

The Township's general receipts are primarily property taxes, local government distribution and utility reimbursement. These receipts represent respectively 34, 15, and 20 percent of the total General Fund cash received for Governmental Activities during the year. Property tax, local government distribution and utility reimbursement receipts for 2006 changed very little compared to 2005 as development within the Township has slowed.

The Township purchased a 1999 Case 580 Super L Backhoe from Cheshire Township for \$25,000 and sold the 1991 Case 580K backhoe to Huntington Township for \$15,000.

The first payment in the amount of \$9,013 was made on the loan received in 2005 from OPWC for resurfacing Bunce and Keeler Roads. The total amount was \$108,153 with a 0.00% interest rate. It is to be paid off over a six year period.

The Township paid \$74,036 for repaving various Township roads.

Key highlights for 2007 are as follows:

The Township's general receipts are primarily property taxes, local government distribution and utility reimbursement. These receipts represent respectively 38, 18, and 19 percent of the total general fund cash received for governmental activities during the year. Property tax, local government distribution and utility reimbursement receipts for 2007 changed very little compared to 2006 as development within the Township has slowed.

Two payments totaling \$18,025 were made on the loan received in 2005 from OPWC for resurfacing Bunce and Keeler Roads. The total amount borrowed was \$108,153 with a 0.00% interest rate. It is to be paid off in 2012. This is the Township's only debt issue.

The Township paid \$75,830 from Township funds for repaving various Township roads. The Township was also the recipient of a CDBG Grant in the amount of \$26,300 for a road repaving project. Another major project completed in 2007 was to repair a major slip on Nibert Road to the tune of \$27,120. Plus some upgrades were made to the maintenance garage which cost a total of \$18,930.

### **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

Addison Township  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
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specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a 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, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental fund activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

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

Governmental Activities - The Township's basic services are reported here. State and federal grants, gasoline tax, property taxes, local government distribution, utility reimbursement funds and the fire levy, 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 consist only of governmental funds.

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

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 and 2005 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2007	2006	2005
<b>Assets</b>			
Cash and Cash Equivalents	\$204,768	\$225,805	\$222,274
Total Assets	\$204,768	\$225,805	\$222,274
<b>Net Assets</b>			
Restricted for:			
Permanent Fund Purpose:			
Expendable	\$320	\$310	\$300
Nonexpendable	2,365	2,365	2,365
Other Purposes	155,654	158,691	175,574
Unrestricted	46,429	64,439	44,035
Total Net Assets (Restated)	\$204,768	\$225,805	\$222,274

As shown above, net assets of governmental activities increased \$3,531 or 1.58 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

Interest on the Certificate of Deposit for 2005 was reflected incorrectly (\$245.18 instead of \$1,731.83). The difference of \$1,486.65 was corrected and added to the balance in 2005. Also the interest accrued in 2006 totaled \$3,046.61.

As shown above, net assets of governmental activities decreased \$21,037 or 9.32 percent during 2007. The primary reasons contributing to the decreases in cash balances are as follows:

A portion of the 2006 carryover balance was spent on paving projects.

Table 2 reflects the changes in net assets on a cash basis in 2007 comparing 2006 and 2005 for governmental activities.

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

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$350	\$50	\$600
Operating Grants and Contributions	129,202	121,316	146,513
Capital Grants and Contributions	26,300	6,441	8,500
Total Program Receipts	<u>155,852</u>	<u>127,807</u>	<u>155,613</u>
General Receipts:			
Property Taxes	78,851	77,161	72,028
Other Taxes	1,015	940	1,024
Grants and Entitlements Not Restricted to Specific Programs	46,792	48,171	21,835
Proceeds of Loans			108,153
Sale of Fixed Assets	7,500	7,500	
Cable Franchise Fees	7,574	10,748	
Interest	3,797	3,506	4,986
Miscellaneous	1,853	3,906	8,878
Total General Receipts	<u>147,382</u>	<u>151,932</u>	<u>216,904</u>
Total Receipts	<u>303,234</u>	<u>279,739</u>	<u>372,517</u>
Disbursements:			
General Government	58,434	63,378	56,322
Public Safety	22,085	23,365	22,916
Public Works	121,790	95,118	113,537
Other	3,773	2,644	3,131
Capital Outlay	100,164	82,690	191,998
Debt Service:			
Principal Retirement	18,025	9,013	1,627
Interest and Fiscal Charges			19
Total Disbursements	<u>324,271</u>	<u>276,208</u>	<u>389,550</u>
Increase (Decrease) in Net Assets	(21,037)	3,531	(17,033)
Net Assets, January 1 (As Restated)	<u>225,805</u>	<u>222,274</u>	<u>239,307</u>
Net Assets, December 31	<u>\$204,768</u>	<u>\$225,805</u>	<u>\$222,274</u>

For 2006, program receipts represent 46 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as Utility Reimbursement Funds, Motor Vehicle License, Gasoline Tax, and Road and Bridge monies.

General receipts represent 54 percent of the Township's total receipts, and of this amount, 51 percent is local taxes. State and federal grants and entitlements make up 32 percent of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

For 2007, Program receipts represent 51 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as Utility Reimbursement Funds, Motor Vehicle License, Gas Tax, and Road and Bridge monies.

Addison Township  
Management's Discussion and Analysis  
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General receipts represent 49 percent of the Township's total receipts, and of this amount, 54 percent is local taxes. State and federal grants and entitlements make up 32 percent of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

For both years, disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of trustees, and the fiscal officer.

Public Safety is the costs of fire protection; and Public Works and Capital Outlay is the cost of resurfacing and maintaining the roads.

**Governmental Activities**

If you look at the Statements of Activities on pages 12 and 20 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. In 2006, the major program disbursements for governmental activities are for Capital Outlay and Public Works, which account for 30 and 34 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 23 percent. In 2007, the major program disbursements for governmental activities are for Capital Outlay and Public Works, which account for 31 and 38 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 18 percent. 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)

	<b>Governmental Activities</b>					
	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006	Total Cost Of Services 2005	Net Cost of Services 2005
	General Government	\$58,434	\$58,325	\$63,378	\$63,378	\$56,322
Public Safety	22,085	11,080	23,365	10,353	22,916	10,077
Public Works	121,790	(22,597)	95,118	(19,627)	113,537	(11,693)
Health		(350)		(50)		(611)
Other	3,773	3,773	2,644	2,644	3,131	(903)
Capital Outlay	100,164	100,164	82,690	82,690	191,998	191,998
Debt Service:						
Principal	18,025	18,025	9,013	9,013	1,627	1,627
Interest					19	19
<b>Total Expenses</b>	<b>\$324,271</b>	<b>\$168,420</b>	<b>\$276,208</b>	<b>\$148,401</b>	<b>\$389,550</b>	<b>\$233,937</b>

The dependence upon property tax receipts is apparent as over 55 percent of governmental activities are supported through these general receipts in 2006 and 45 percent in 2007.

**The Township's Funds**

In 2005 total governmental funds had receipts and other financing sources of \$372,517 and disbursement of \$389,550. In 2006 total governmental funds had receipts and other financing sources of \$326,369 and disbursements of \$322,839. The greatest changes within governmental funds occurred due to the

Addison Township  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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inflated receipts from Proceeds of Notes in 2005 and inflated expenditures due to Note Proceeds being spent on Capital Outlay for road resurfacing. Another change that inflated the receipts in 2006 was the Sale of Assets (payment on backhoe). The fund balance of the General Fund increased \$20,404 in 2006.

In 2006 General Fund receipts were more than disbursements by \$1,174.

In 2007 total governmental funds had receipts and other financing sources of \$303,234 and disbursements of \$324,272. The greatest change within governmental funds occurred due to the inflated receipt of CDBG Grant funds spent on Capital Outlay for road resurfacing. The fund balance of the General Fund decreased \$18,010 as the result of the Township completing major paving projects in 2007.

In 2007 General Fund receipts were less than disbursements by \$18,115.

### **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, the Township amended its General Fund budget four times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts by an insignificant amount. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$131,395 while actual disbursements were \$121,785. Even though receipts lived up to expectations, appropriations were reduced upon review. The Township spending was lower than budgeted amounts as demonstrated by the minor reported variances. The year-end result reflected an increase in fund balance of \$1,634 for 2006.

During 2007, the Township amended its General Fund budget three times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts by an insignificant amount. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$157,655 while actual disbursements were \$120,717. Even though receipts lived up to expectations, appropriations were reduced upon review. The Township spending was lower than budgeted amounts as demonstrated by the minor reported variances. The year-end result reflected an decrease in fund balance of \$19,049 for 2007.

### **Debt Administration**

#### **Debt**

At December 31, 2006, the Township's outstanding debt included \$99,140 for a loan with 0.00% interest received from OPWC for resurfacing Bunce and Keeler Roads. At December 31, 2007, the Township's outstanding was \$81,115. It is to be paid off in 2012.

Addison Township  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Addison Township, Debbie Hughes, Fiscal Officer, 1414 Georges Creek Road, Gallipolis, OH 45631-8600.

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**ADDISON TOWNSHIP, GALLIA COUNTY**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2007*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 204,768
<i>Total Assets</i>	<u>\$ 204,768</u>
<b>Net Assets</b>	
Permanent Fund: Cemetery Trust	
Expendable	\$ 320
Nonexpendable	2,365
Other Purposes	155,654
Unrestricted	46,429
<i>Total Net Assets</i>	<u>\$ 204,768</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA COUNTY**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2007*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$ 58,434		\$ 110		\$ (58,324)
Public Safety	22,085		11,005		(11,080)
Public Works	121,790		118,087	\$ 26,300	22,597
Health		\$ 350			350
Other	3,773				(3,773)
Capital Outlay	100,164				(100,164)
Debt Service:					
Principal	18,025				(18,025)
<b>Total Governmental Activities</b>	<b>\$ 324,271</b>	<b>\$ 350</b>	<b>\$ 129,202</b>	<b>\$ 26,300</b>	<b>(168,419)</b>
<b>General Receipts</b>					
Property Taxes					\$ 78,851
Other Taxes					1,015
Grants and Entitlements not Restricted to Specific Programs					46,792
Sale of Fixed Assets					7,500
Cable Franchise Fees					7,574
Earnings on Investments					3,797
Miscellaneous					1,853
<b>Total General Receipts</b>					<b>147,382</b>
Change in Net Assets					(21,037)
<b>Net Assets Beginning of Year</b>					<b>225,805</b>
<b>Net Assets End of Year</b>					<b>\$ 204,768</b>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
 Governmental Funds  
 December 31, 2007

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	SPECIAL LEVY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 46,429	\$ 54,789	\$ 4,009	\$ 94,540	\$ 5,001	\$ 204,768
<i>Total Assets</i>	<u>\$ 46,429</u>	<u>\$ 54,789</u>	<u>\$ 4,009</u>	<u>\$ 94,540</u>	<u>\$ 5,001</u>	<u>\$ 204,768</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$ 1,038	\$ 236				\$ 1,274
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	45,391					45,391
Special Revenue Funds		54,553	\$ 4,009	\$ 94,540	\$ 2,316	155,418
Permanent Fund					2,685	2,685
<i>Total Fund Balances</i>	<u>\$ 46,429</u>	<u>\$ 54,789</u>	<u>\$ 4,009</u>	<u>\$ 94,540</u>	<u>\$ 5,001</u>	<u>\$ 204,768</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds*

*For the Year Ended December 31, 2007*

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	SPECIAL LEVY	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>						
Property and Other Local Taxes	\$ 42,621		\$ 21,310	\$ 15,935		\$ 79,866
Licenses, Permits and Fees	7,574					7,574
Intergovernmental	46,902	97,639	11,598	11,005	34,958	202,102
Earnings on Investments	3,787	156			46	3,989
Miscellaneous	680					680
<b>Total Receipts</b>	<b>101,564</b>	<b>97,795</b>	<b>32,908</b>	<b>26,940</b>	<b>35,004</b>	<b>294,211</b>
<b>Disbursements</b>						
Current:						
General Government	58,434					58,434
Public Safety				22,085		22,085
Public Works	44,818	56,156	19,137		1,679	121,790
Other		3,140	633			3,773
Capital Outlay	16,427	7,603	39,519		36,615	100,164
Debt Service:						
Principal Retirement		18,025				18,025
<b>Total Disbursements</b>	<b>119,679</b>	<b>84,924</b>	<b>59,289</b>	<b>22,085</b>	<b>38,294</b>	<b>324,271</b>
Excess of Receipts Over (Under) Disbursements	(18,115)	12,871	(26,381)	4,855	(3,290)	(30,060)
<b>Other Financing Sources (Uses)</b>						
Sale of Fixed Assets		7,500				7,500
Other Financing Sources	105	1,418				1,523
<b>Total Other Financing Sources (Uses)</b>	<b>105</b>	<b>8,918</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,023</b>
Net Change in Fund Balances	(18,010)	21,789	(26,381)	4,855	(3,290)	(21,037)
Fund Balances Beginning of Year (As Restated)	64,439	33,000	30,390	89,685	8,291	225,805
Fund Balances End of Year	\$ 46,429	\$ 54,789	\$ 4,009	\$ 94,540	\$ 5,001	\$ 204,768

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 38,558	\$ 42,600	\$ 42,621	\$ 21
Licenses, Permits and Fees	0	7,574	7,574	0
Intergovernmental	44,571	46,860	46,902	42
Earnings on Investments	450	2,450	3,787	1,337
Miscellaneous	7,200	626	680	54
<i>Total receipts</i>	<u>90,779</u>	<u>100,110</u>	<u>101,564</u>	<u>1,454</u>
<b>Disbursements</b>				
Current:				
General Government	67,228	63,228	58,921	4,307
Public Works	39,000	77,500	45,369	32,131
Capital Outlay	21,927	16,927	16,427	500
<i>Total Disbursements</i>	<u>128,155</u>	<u>157,655</u>	<u>120,717</u>	<u>36,938</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(37,376)</u>	<u>(57,545)</u>	<u>(19,153)</u>	<u>38,392</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In		4,778		(4,778)
Other Financing Sources	200	100	104	4
<i>Total Other Financing Sources (Uses)</i>	<u>200</u>	<u>4,878</u>	<u>104</u>	<u>(4,774)</u>
<i>Net Change in Fund Balance</i>	(37,176)	(52,667)	(19,049)	33,618
<i>Unencumbered Cash Balance Beginning of Year</i>	45,669	45,669	45,669	0
Prior Year Encumbrances Appropriated	18,770	18,770	18,770	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 27,263</u>	<u>\$ 11,772</u>	<u>\$ 45,390</u>	<u>\$ 33,618</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ 81,000	\$ 92,440	\$ 97,639	\$ 5,199
Earnings on Investments	80	140	156	16
<i>Total receipts</i>	<u>81,080</u>	<u>92,580</u>	<u>97,795</u>	<u>5,215</u>
<b>Disbursements</b>				
Current:				
Public Works	48,590	62,590	56,284	6,306
Other	5,000	5,000	3,247	1,753
Capital Outlay	8,000	17,000	7,603	9,397
Debt Service:				
Principal Retirement	18,025	18,025	18,025	0
<i>Total Disbursements</i>	<u>79,615</u>	<u>102,615</u>	<u>85,159</u>	<u>17,456</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,465</u>	<u>(10,035)</u>	<u>12,636</u>	<u>22,671</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	7,500	7,500	7,500	0
Other Financing Sources	1,000	1,410	1,418	8
<i>Total Other Financing Sources (Uses)</i>	<u>8,500</u>	<u>8,910</u>	<u>8,918</u>	<u>8</u>
<i>Net Change in Fund Balance</i>	9,965	(1,125)	21,554	22,679
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>33,000</u>	<u>33,000</u>	<u>33,000</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 42,965</u>	<u>\$ 31,875</u>	<u>\$ 54,554</u>	<u>\$ 22,679</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA 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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 19,329	\$ 21,290	\$ 21,310	\$ 20
Intergovernmental	11,143	11,590	11,598	8
<i>Total receipts</i>	<u>30,472</u>	<u>32,880</u>	<u>32,908</u>	<u>28</u>
<b>Disbursements</b>				
Current:				
Public Works	20,616	20,616	19,137	1,479
Other	800	800	633	167
Capital Outlay	30,000	40,000	39,519	481
<i>Total Disbursements</i>	<u>51,416</u>	<u>61,416</u>	<u>59,289</u>	<u>2,127</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,944)</u>	<u>(28,536)</u>	<u>(26,381)</u>	<u>2,155</u>
<i>Net Change in Fund Balance</i>	(20,944)	(28,536)	(26,381)	2,155
<i>Unencumbered Cash Balance Beginning of Year</i>	30,174	30,174	30,174	0
Prior Year Encumbrances Appropriated	<u>216</u>	<u>216</u>	<u>216</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 9,446</u>	<u>\$ 1,854</u>	<u>\$ 4,009</u>	<u>\$ 2,155</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Special Levy Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 14,230	\$ 15,920	\$ 15,935	\$ 15
Intergovernmental	10,568	11,003	11,005	2
<i>Total receipts</i>	<u>24,798</u>	<u>26,923</u>	<u>26,940</u>	<u>17</u>
<b>Disbursements</b>				
Current:				
Public Safety	29,110	29,110	22,085	7,025
<i>Total Disbursements</i>	<u>29,110</u>	<u>29,110</u>	<u>22,085</u>	<u>7,025</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,312)</u>	<u>(2,187)</u>	<u>4,855</u>	<u>7,042</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>                    </u>	<u>(4,778)</u>	<u>                    </u>	<u>4,778</u>
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(4,778)</u>	<u>0</u>	<u>4,778</u>
<i>Net Change in Fund Balance</i>	(4,312)	(6,965)	4,855	11,820
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>89,685</u>	<u>89,685</u>	<u>89,685</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 85,373</u>	<u>\$ 82,720</u>	<u>\$ 94,540</u>	<u>\$ 11,820</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA COUNTY**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

	Governmental Activities
<b>Assets</b>	
Cash	\$ 225,805
<i>Total Assets</i>	<i>\$ 225,805</i>
 <b>Net Assets</b>	
Restricted for:	
Permanent Fund: Cemetery Trust	
Expendable	\$ 310
Nonexpendable	2,365
Other Purposes	158,691
Unrestricted	64,439
<i>Total Net Assets</i>	<i>\$ 225,805</i>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA 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	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$ 63,378				\$ (63,378)
Public Safety	23,365		\$ 13,012		(10,353)
Public Works	95,118		108,304	6,441	19,627
Health		\$ 50			50
Other	2,644				(2,644)
Capital Outlay	82,690				(82,690)
Debt Service:					
Principal	9,013				(9,013)
<i>Total Governmental Activities</i>	<u>\$ 276,208</u>	<u>\$ 50</u>	<u>\$ 121,316</u>	<u>\$ 6,441</u>	<u>(148,401)</u>
<b>General Receipts</b>					
Property Taxes					\$ 77,161
Other Taxes					940
Grants and Entitlements not Restricted to Specific Programs					48,171
Sale of Fixed Assets					7,500
Cable Franchise Fees					10,748
Earnings on Investments					3,506
Miscellaneous					<u>3,906</u>
<i>Total General Receipts</i>					<u>151,932</u>
Change in Net Assets					3,531
<i>Net Assets Beginning of Year (As Restated)</i>					<u>222,274</u>
<i>Net Assets End of Year</i>					<u>\$ 225,805</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	SPECIAL LEVY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>						
Cash	\$ 64,439	\$ 33,000	\$ 30,390	\$ 89,685	\$ 8,291	\$ 225,805
<i>Total Assets</i>	<u>\$ 64,439</u>	<u>\$ 33,000</u>	<u>\$ 30,390</u>	<u>\$ 89,685</u>	<u>\$ 8,291</u>	<u>\$ 225,805</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$ 18,770		\$ 216		\$ 56	\$ 19,042
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	45,669					45,669
Special Revenue Funds		\$ 33,000	30,174	\$ 89,685	5,561	158,420
Permanent Fund					2,674	2,674
<i>Total Fund Balances</i>	<u>\$ 64,439</u>	<u>\$ 33,000</u>	<u>\$ 30,390</u>	<u>\$ 89,685</u>	<u>\$ 8,291</u>	<u>\$ 225,805</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA 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	SPECIAL LEVY	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>						
Property and Other Local Taxes	\$ 41,724		\$ 20,862	\$ 15,514		\$ 78,100
Licenses, Permits and Fees	10,748					10,748
Intergovernmental	48,171	\$ 85,542	13,588	13,012	\$ 15,513	175,826
Earnings on Investments	3,496	86			25	3,607
Miscellaneous	50					50
<b>Total Receipts</b>	<b>104,189</b>	<b>85,628</b>	<b>34,450</b>	<b>28,526</b>	<b>15,538</b>	<b>268,331</b>
<b>Disbursements</b>						
Current:						
General Government	63,378					63,378
Public Safety				23,365		23,365
Public Works	39,637	40,777	11,905		2,799	95,118
Other		1,948	696			2,644
Capital Outlay		54,999	24,000		3,691	82,690
Debt Service:						
Principal Retirement		9,013				9,013
<b>Total Disbursements</b>	<b>103,015</b>	<b>106,737</b>	<b>36,601</b>	<b>23,365</b>	<b>6,490</b>	<b>276,208</b>
Excess of Receipts Over (Under) Disbursements	1,174	(21,109)	(2,151)	5,161	9,048	(7,877)
<b>Other Financing Sources (Uses)</b>						
Sale of Fixed Assets		7,500				7,500
Transfers In	18,602	9,097	18,932			46,631
Transfers Out					(46,631)	(46,631)
Other Financing Sources	628	3,279				3,907
<b>Total Other Financing Sources (Uses)</b>	<b>19,230</b>	<b>19,876</b>	<b>18,932</b>	<b>0</b>	<b>(46,631)</b>	<b>11,407</b>
Net Change in Fund Balances	20,404	(1,233)	16,781	5,161	(37,583)	3,530
Fund Balances Beginning of Year (Restated)	44,035	34,233	13,609	84,524	45,874	222,275
Fund Balances End of Year	<u>\$ 64,439</u>	<u>\$ 33,000</u>	<u>\$ 30,390</u>	<u>\$ 89,685</u>	<u>\$ 8,291</u>	<u>\$ 225,805</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA 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>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 39,569	\$ 41,708	\$ 41,724	\$ 16
Licenses, Permits and Fees		10,748	10,748	0
Intergovernmental	48,703	48,145	48,171	26
Earnings on Investments	2,995	410	3,496	3,086
Miscellaneous	7,470	47	50	3
<i>Total receipts</i>	<u>98,737</u>	<u>101,058</u>	<u>104,189</u>	<u>3,131</u>
<b>Disbursements</b>				
Current:				
General Government	65,759	66,679	64,148	2,531
Public Works	44,936	44,716	39,637	5,079
Capital Outlay	10,700	20,000	18,000	2,000
<i>Total Disbursements</i>	<u>121,395</u>	<u>131,395</u>	<u>121,785</u>	<u>9,610</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,658)</u>	<u>(30,337)</u>	<u>(17,596)</u>	<u>12,741</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,525	18,602	18,602	0
Other Financing Sources	190	620	628	8
<i>Total Other Financing Sources (Uses)</i>	<u>1,715</u>	<u>19,222</u>	<u>19,230</u>	<u>8</u>
<i>Net Change in Fund Balance</i>	(20,943)	(11,115)	1,634	12,749
<i>Fund Balance Beginning of Year</i>	36,609	36,609	36,609	0
Prior Year Encumbrances Appropriated	7,426	7,426	7,426	0
<i>Fund Balance End of Year</i>	<u>\$ 23,092</u>	<u>\$ 32,920</u>	<u>\$ 45,669</u>	<u>\$ 12,749</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 80,685	\$ 85,540	\$ 85,542	\$ 2
Earnings on Investments	185	75	86	11
<i>Total receipts</i>	<u>80,870</u>	<u>85,615</u>	<u>85,628</u>	<u>13</u>
<b>Disbursements</b>				
Current:				
Public Works	58,009	48,009	40,777	7,232
Other	5,000	5,000	1,948	3,052
Capital Outlay	72,000	72,000	54,999	17,001
Debt Service:				
Principal Retirement	9,013	9,013	9,013	0
<i>Total Disbursements</i>	<u>144,022</u>	<u>134,022</u>	<u>106,737</u>	<u>27,285</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(63,152)</u>	<u>(48,407)</u>	<u>(21,109)</u>	<u>(27,272)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets		7,500	7,500	0
Transfers In	50,000	9,097	9,097	0
Other Financing Sources	1,700	3,275	3,279	4
<i>Total Other Financing Sources (Uses)</i>	<u>51,700</u>	<u>19,872</u>	<u>19,876</u>	<u>4</u>
<i>Net Change in Fund Balance</i>	(11,452)	(28,535)	(1,233)	(27,268)
<i>Fund Balance Beginning of Year</i>	22,163	22,163	22,163	0
Prior Year Encumbrances Appropriated	<u>12,070</u>	<u>12,070</u>	<u>12,070</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 22,781</u>	<u>\$ 5,698</u>	<u>\$ 33,000</u>	<u>\$ (27,268)</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA 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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 19,105	\$ 20,849	\$ 20,862	\$ 13
Intergovernmental	12,834	13,585	13,588	3
<i>Total receipts</i>	<u>31,939</u>	<u>34,434</u>	<u>34,450</u>	<u>16</u>
<b>Disbursements</b>				
Current:				
Public Works	15,725	18,725	12,121	6,604
Other	800	800	696	104
Capital Outlay	27,000	24,000	24,000	0
<i>Total Disbursements</i>	<u>43,525</u>	<u>43,525</u>	<u>36,817</u>	<u>6,708</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,586)</u>	<u>(9,091)</u>	<u>(2,367)</u>	<u>6,724</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In		18,932	18,932	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>18,932</u>	<u>18,932</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(11,586)	9,841	16,565	6,724
<i>Fund Balance Beginning of Year</i>	6,284	6,284	6,284	0
Prior Year Encumbrances Appropriated	<u>7,325</u>	<u>7,325</u>	<u>7,325</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,023</u>	<u>\$ 23,450</u>	<u>\$ 30,174</u>	<u>\$ 6,724</u>

See accompanying notes to the basic financial statements

**ADDISON TOWNSHIP, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Special Levy 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>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 8,120	\$ 15,504	\$ 15,514	\$ 10
Intergovernmental	12,834	13,010	13,013	3
<i>Total receipts</i>	<u>20,954</u>	<u>28,514</u>	<u>28,527</u>	<u>13</u>
<b>Disbursements</b>				
Current:				
Public Safety	29,110	29,110	23,365	5,745
<i>Total Disbursements</i>	<u>29,110</u>	<u>29,110</u>	<u>23,365</u>	<u>5,745</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,156)</u>	<u>(596)</u>	<u>5,162</u>	<u>5,758</u>
<i>Net Change in Fund Balance</i>	(8,156)	(596)	5,162	5,758
<i>Fund Balance Beginning of Year</i>	<u>84,523</u>	<u>84,523</u>	<u>84,523</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 76,367</u>	<u>\$ 83,927</u>	<u>\$ 89,685</u>	<u>\$ 5,758</u>

See accompanying notes to the basic financial statements

Addison Township  
Gallia County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 1 – Reporting Entity**

Addison Township, Gallia County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer. The elected officials serve four year terms.

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

**A. 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. Police protection is provided by the Gallia County Sheriff's Department.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. The Township has no component units.

**C. Public Entity Risk Pools**

The Township participates in a public entity risk pool. Notes 8 and 13 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority (OTARMA).

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.

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

A. Basis of Presentation (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

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 the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Special Levy Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund received gas tax money and expenditures must be road related. The Road and Bridge Fund received property tax revenues and expenditures must be road related. The Special Levy Fund received property tax revenues and fire contract monies and expenditures are for equipment and supplies and other expenses related to provide for fire and emergency services for Township residents and other residents.

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

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

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the 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 plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

The appropriations 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 resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

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

During 2007 and 2006, the Township invested in certificates of deposit. The certificates of deposit are reported at cost.

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 2007 was \$3,787 which includes \$111 assigned from other Township funds. Interest receipts credited to the General Fund during 2006 was \$3,496 which includes \$243 assigned from other Township funds.

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

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent the Cemetery Trust Permanent Fund.

**G. 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.

**H. 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.

**I. Interfund Transactions**

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

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.

**J. Accumulated Leave**

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

**K. 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 healthcare benefits.

**L. Long-Term Obligations**

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

**M. 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.

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Gallia County  
Notes to the Financial Statements  
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**Note 2 – Summary of Significant Accounting Policies** (Continued)

M. Net Assets (Continued)

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.

N. 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. Fund balance reserves have been established for encumbrances.

**Note 3 – Restatement of Fund Balance**

On December 31, 2006, the Fiscal Officer made the following beginning fund balance adjustments in the UAN accounting system:

Governmental Funds:	Debit (Increase)	Credit (Decrease)	Purpose
General	\$ 0	\$ (245)	Receipt #84-2005 should have posted to Fire Fund
		(3,047)	Reinvested interest should go to Fire Fund
	<u>\$ 0</u>	<u>(3,292)</u>	
Special Levy Fund	\$ 1,487	\$ 0	Receipt #84-2005 Bank error for interest received
	245		Receipt #84-2005 should have posted to Fire Fund
	3,047		Reinvested interest should go to Fire Fund
	<u>\$ 4,779</u>	<u>\$ 0</u>	
Total Adjustment	<u>\$ 0</u>	<u>\$ 1,487</u>	

In the prior audit, there was an unadjusted difference of \$1,487 for interest earned on a certificate of deposit. The adjustment was not made on the financial statements in the audit report, but the Fiscal Officer made the adjustment in the UAN accounting system as a beginning fund balance adjustment in 2006. Therefore, the ending fund balance on the 2005 audited financial statements did not agree to the beginning fund balance in 2006 on the UAN system. The \$245 fund balance adjustment made was 2005 interest and the \$3,047 was 2006 interest. The Fiscal Officer was trying to move the funds to where she thought they should go by doing a fund balance adjustment.

This resulted in the following fund balance restatement:

Governmental Funds:	Fund Balance at December 31, 2005	Restatement Amount	Fund Balance at January 1, 2006
General	\$ 42,548	\$ 1,487	\$ 44,035

**Note 4 – Compliance**

Compliance

For 2007 and 2006, the Township did not have adequate collateral over the FDIC \$100,000 pledged to cover the balances in their checking account.

**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 Statements 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 and Special Levy Fund, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). For 2007, the encumbrances outstanding at year end (budgetary basis) amounted to \$1,038 for the General Fund and \$236 for the Gasoline Tax Fund. For 2006, the encumbrances outstanding at year end (budgetary basis) amounted to \$18,770 for the General Fund and \$216 for the Road and Bridge Fund.

**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;

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Notes to the Financial Statements  
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**Note 6 - Deposits and Investments** (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

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

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$31,539 of the Township's bank balance of \$207,834 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At December 31, 2006, \$52,476 of the Township's bank balance of \$232,254 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

**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 2007 and 2006 represent the collection of 2006 and 2005 taxes. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2007 and 2006 taxes.

Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Real property taxes received in 2006 were levied after October 1, 2005 on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 7 – Property Taxes** (Continued)

Tangible personal property tax receipts received in 2007 and 2006 (other than public utility property) represent the collection of 2007 and 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006 on the true value as of December 31, 2006. 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 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, 2007, was \$39.95 per \$1,000 of assessed value in the Gallia County School District and \$50.90 per \$1,000 of assessed value for property owners in the Gallipolis City School District. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$16,341,730
Agricultural	5,644,220
Commercial/Industrial/Mineral	16,905,590
Tangible Personal Property	5,189,711
Public Utility – Real	54,030
Public Utility – Personal	29,987,200
Total Assessed Value	\$74,122,481

The full tax rate for all Township operations for the year ended December 31, 2006, was \$39.95 per \$1,000 of assessed value for property owners in the Gallia County School District and \$50.90 per \$1,000 of assessed value for property owners in the Gallipolis City School District. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$16,188,870
Agricultural	5,510,120
Commercial/Industrial/Mineral	16,904,760
Tangible Personal Property	5,912,793
Public Utility – Real	42,670
Public Utility – Personal	27,639,180
Total Assessed Value	\$72,198,393

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Note 8 – Risk Management**

**Risk Pool Membership**

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.

**Note 8 – Risk Management** (Continued)

Risk Pool Membership (Continued)

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 (the latest information available):

Addison Township  
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Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 8 – Risk Management** (Continued)

Risk Pool Membership (Continued)

	2007	2006
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	\$ 29,852,866	\$ 29,921,614

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, 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 \$2,936. 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.

**Contributions to OTARMA**

2005	\$	4,592
2006	\$	4,940
2007	\$	3,597

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 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. The Township participates only in the traditional plan.

**Note 9 – Defined Benefit Pension Plan** (Continued)

Ohio Public Employees Retirement System (Continued)

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) 222-5601 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

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 13.70 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, 2007, 2006 and 2005 were \$8,828, \$8,424 and \$8,393 respectively. 100 percent has been contributed for 2007, 2006 and 2005. There were no contributions to member-directed plans.

**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. 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 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent from January 1 to June 30, 2007 and 6 percent from July 1 through December 31, 2007 was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 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 costs were assumed to increase between 0.5 percent and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market value. 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.

Addison Township  
Gallia County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 10 - Postemployment Benefits** (Continued)

Ohio Public Employees Retirement System (Continued)

The number of active contributing participants in the traditional and combined plans was 374,979 for 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions which were used to fund postemployment benefits were \$8,828 for 2007 and \$8,424 for 2006. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**Note 11 – Debt**

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
OPWC Loan						
Bunce/Keeler Road Resurfacing	0.00%	\$99,140	\$0	\$18,025	\$81,115	\$18,025

The general obligation note is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

Year	OPWC Loan Principal
2008	\$ 18,025
2009	18,025
2010	18,026
2011	18,026
2012	9,013
	<u>\$ 81,115</u>

**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.

**Note 13 – Public Entity Risk Pool**

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.

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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*

Addison Township  
Gallia County  
1414 Georges Creek Road  
Gallipolis, Ohio 45631

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 Addison Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 8, 2008, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement 34. 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.

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.

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 did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Government'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Government's management in a separate letter dated August 8, 2008.

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

August 8, 2008



**Mary Taylor, CPA**  
Auditor of State

**ADDISON TOWNSHIP**

**GALLIA 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  
SEPTEMBER 16, 2008**