



**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

REGULAR AUDIT


FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

FLORENCE TOWNSHIP
WILLIAMS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis.....	10
Statement of Activities – Cash Basis.....	11
 Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Cash Basis Fund Balances – Governmental Funds.....	13
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Gasoline Tax Fund.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Road and Bridge Fund.....	16
Notes to the Financial Statements.....	17
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Governmental Auditing Standards</i>	27
Schedule of Findings.....	29
Schedule of Prior Audit Findings.....	30

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Florence Township
Williams County
5389 County Road M50
P.O. Box 107
Edon, Ohio 43518-0107

To the Board of Trustees:

We have audited the accompanying financial statements of the government activities, each major fund, and the aggregate remaining fund information of Florence Township, Williams County, Ohio (the Township) as of and for the year ended December 31, 2007, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 described 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 Florence Township, Williams County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, and Road and Bridge funds thereof for the year 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 March 27, 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 discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Mary Taylor, CPA
Auditor of State

March 27, 2008

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

This discussion and analysis of Florence Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, 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 2007 are as follows:

- Net assets of governmental activities decreased \$83,337 or 24 percent. The decrease was due the purchase of the new tanker fire truck, purchase of firemen's uniforms and two new MSA air masks for the firemen.
- The hospitalization insurance for the Township employee increased \$2,798, or 13 percent.
- A 2 mill tax levy for 3 years was passed by the Township voters on November 8, 2005 to fund the purchase of a tanker truck for the fire department. \$77,888 was received from this levy in 2006 and \$70,011 in 2007. The sale of a bond for \$80,000 was made in 2007. The tanker chassis was purchased for \$67,599 in 2006 and the tanker was purchased for \$160,481 in 2007, \$159,649 paid out of the Capital Project fund and \$832 paid out of the Special Levy - Fire fund.

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.

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.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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

This annual report includes all activities for which the Township is fiscally responsible. These activities, defined as the Township's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of Florence Township.

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program 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 modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we report governmental activities which include the Township's basic services such as fire protection and road maintenance. State grants 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 reported in governmental funds.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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, Gasoline Tax, Road and Bridge, and Capital Project Funds. The programs reported in governmental funds are the same as 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 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$ 262,625	\$ 345,962
Total Assets	\$ 262,625	\$ 345,962
 Net Assets		
Restricted for:		
Other Purposes	\$ 192,161	\$ 221,828
Unrestricted	70,464	124,134
Total Net Assets	\$ 262,625	\$ 345,962

As mentioned previously, net assets of governmental activities decreased \$83,337 or 24 percent during 2007. The primary reasons contributing to the decrease in the cash balances are as follows:

- Estate tax receipts decreased from \$9,773 in 2006. No such revenues were received in 2007.
- Proceeds from the 2 mill fire levy of \$77,888 in 2006 and only \$70,011 received in 2007.
- Expenditures from the General Fund increased in the capital outlay and public safety line items because the Township purchased air masks and Class A uniforms amounting to \$16,616.
- The Township hired the County Engineer's to do chip and seal to Township roads in 2007 amounting to \$55,694.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2007 compared to 2006 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$5,500	\$5,300
Operating Grants and Contributions	112,829	110,272
Total Program Receipts	<u>118,329</u>	<u>115,572</u>
General Receipts:		
Property Taxes Levied for:		
General Purposes	37,043	33,711
Road and Bridge	42,111	36,407
Special Levy - Fire	16,627	17,536
Capital Project	63,342	70,145
Grants and Entitlements Not Restricted to Specific Programs	53,750	55,560
Interest	8,550	11,649
Miscellaneous	2,691	141
Sale of Bonds	80,000	
Total General Receipts	<u>304,114</u>	<u>225,149</u>
Total Receipts	<u>422,443</u>	<u>340,721</u>
Disbursements:		
General Government	81,041	82,265
Public Safety	37,425	16,662
Public Works	165,975	129,000
Health	9,099	8,301
Capital Outlay	199,990	72,544
Principal Retirement	9,800	9,800
Interest and Fiscal Charges	2,450	2,940
Total Disbursements	<u>505,780</u>	<u>321,512</u>
Increase/(Decrease) in Net Assets	(83,337)	19,209
Net Assets, January 1,	345,962	326,753
Net Assets, December 31,	<u>\$262,625</u>	<u>\$345,962</u>

Program receipts represent only 28 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

General receipts represent 72 percent of the Township's total receipts, and of this amount, 52 percent are local taxes. The sale of bonds for the purchase of a fire truck body represents 26 percent. State grants and entitlements make up most of the balance of the Township's general receipts (18 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the board of trustees and fiscal officer, as well as internal services such as payroll and purchasing.

Public Safety is the cost of fire protection services; Public Works is the cost of maintaining the roads; and Health is the cost of maintaining of the cemeteries.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is public works, which accounts for 33 percent of all governmental disbursements. General government and public safety also represent significant costs, of about 16 and 7 percent, respectively. The Capital Outlay represents the purchase of a fire department tanker truck body and a township maintenance pickup truck, about 40 percent. The next two columns of the Statement entitled Program Cash Receipts identify charges paid by the recipient of the program's goods or services and amounts paid by 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 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
General Government	\$81,041	\$81,041	\$82,265	\$82,265
Public Safety	37,425	31,925	16,662	11,362
Public Works	165,975	53,146	129,000	18,728
Health	9,099	9,099	8,301	8,301
Capital Outlay	199,990	199,990	72,544	72,544
Principal Retirement	9,800	9,800	9,800	9,800
Interest and Fiscal Charges	2,450	2,450	2,940	2,940
Total Expenses	<u>\$505,780</u>	<u>\$387,451</u>	<u>\$321,512</u>	<u>\$205,940</u>

The dependence upon property tax receipts and unrestricted state grants and entitlements is apparent as over 77 percent of Governmental activities are supported through these general receipts.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

The Township's Funds

Total government funds had receipts and other financing receipts of \$422,433 and disbursements of \$505,780. The greatest change within Governmental funds occurred within the General Fund. The fund balance of the General Fund was \$124,134 at the beginning of 2007 and \$70,464 at the end of 2007. This was primarily due to the purchase of two air masks from the capital outlay line item, as well as, Class A uniforms paid from the public safety line item.

Governmental 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 2007, the Township did not amend the budget of the General fund. Budgeted receipts were less than actual receipts which reflect a conservative approach to the budget process and more than anticipated tax monies.

The Township appropriates all its estimated receipts and available fund balances. Even though receipts exceeded expectations, appropriations were not increased. The Township kept spending well below budgeted amounts as demonstrated by the significant reported variances.

Capital Assets and Debt Administration

Capital Assets

The Township does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Debt

At December 31, 2007, the Township's outstanding debt included \$39,200 in general obligation bonds issued in 2002 for the purchase of a rescue truck, and \$80,000 in general obligation bonds issued in 2007 for the purchase of a fire tanker truck. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and intergovernmental revenues.

On November 8, 2005, the Township passed a three year two mill levy to fund the purchase of a tanker truck for the Florence Township Fire Department.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Garry L. Oberlin, Fiscal Officer, Florence Township, 5389 County Road M50, P.O. Box 107, Edon Ohio 43518-0107.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2007*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$262,625</u>
<i>Total Assets</i>	<u><u>\$262,625</u></u>
Net Assets	
Restricted for:	
Other Purposes	192,161
Unrestricted	<u>70,464</u>
<i>Total Net Assets</i>	<u><u>\$262,625</u></u>

See accompanying notes to the basic financial statements

**FLORENCE TOWNSHIP
WILLIAMS 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	Charges	Operating	Governmental
	Disbursements	for Services and Sales	Grants and Contributions	
Governmental Activities				
General Government	\$81,041			(\$81,041)
Public Safety	37,425	\$5,500		(31,925)
Public Works	165,975		\$112,829	(53,146)
Health	9,099			(9,099)
Capital Outlay	199,990			(199,990)
Debt Service:				
Principal	9,800			(9,800)
Interest	2,450			(2,450)
Total	\$505,780	\$5,500	\$112,829	(387,451)
		General Receipts		
		Property Taxes Levied for:		
				37,043
				42,111
				16,627
				63,342
				53,750
				80,000
				8,550
				2,691
				304,114
				(83,337)
				345,962
				\$262,625

See accompanying notes to the basic financial statements

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$70,464	\$49,354	\$74,250	\$34,651	\$33,906	\$262,625
<i>Total Assets</i>	<u>\$70,464</u>	<u>\$49,354</u>	<u>\$74,250</u>	<u>\$34,651</u>	<u>\$33,906</u>	<u>\$262,625</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$70,464					\$70,464
Special Revenue Funds		\$49,354	\$74,250	\$34,651	\$33,906	192,161
<i>Total Fund Balances</i>	<u>\$70,464</u>	<u>\$49,354</u>	<u>\$74,250</u>	<u>\$34,651</u>	<u>\$33,906</u>	<u>\$262,625</u>

See accompanying notes to the basic financial statements

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types					Totals Governmental Funds
	General	Gasoline Tax	Road and Bridge	Capital Projects	Other Governmental Funds	
Cash Receipts:						
Property and Other Local Taxes	\$37,043		\$42,111	\$63,342	\$23,953	\$166,449
Charges for Services	5,500					5,500
Intergovernmental	36,948	\$88,447	5,145	6,669	22,044	159,253
Earnings on Investments	6,737	1,519			294	8,550
Miscellaneous	1,320	1,371				2,691
Total Cash Receipts	87,548	91,337	47,256	70,011	46,291	342,443
Cash Disbursements:						
Current:						
General Government	81,041					81,041
Public Safety	25,425				12,000	37,425
Public Works		102,008	33,842		30,125	165,975
Health	9,099					9,099
Capital Outlay	13,403	10,532	10,000	159,649	6,406	199,990
Debt Service:						
Redemption of Principal	9,800					9,800
Interest and Other Fiscal Charges	2,450					2,450
Total Cash Disbursements	141,218	112,540	43,842	159,649	48,531	505,780
Total Receipts Over/(Under) Disbursements	(53,670)	(21,203)	3,414	(89,638)	(2,240)	(163,337)
Other Financing Receipts:						
Sale of Bonds				80,000		80,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(53,670)	(21,203)	3,414	(9,638)	(2,240)	(83,337)
Fund Cash Balances, January 1	124,134	70,557	70,836	44,289	36,146	345,962
Fund Cash Balances, December 31	\$70,464	\$49,354	\$74,250	\$34,651	\$33,906	\$262,625

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

**FLORENCE TOWNSHIP
WILLIAMS 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		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$32,218	\$32,218	\$37,043	\$4,825
Charges for Services	5,500	5,500	5,500	
Intergovernmental	26,030	26,030	36,948	10,918
Interest	8,000	8,000	6,737	(1,263)
Other	1,252	1,252	1,320	68
<i>Total Receipts</i>	<u>73,000</u>	<u>73,000</u>	<u>87,548</u>	<u>14,548</u>
Disbursements				
Current:				
General Government	108,834	108,834	81,041	27,793
Public Safety	29,300	29,300	25,425	3,875
Health	12,000	12,000	9,099	2,901
Capital Outlay	24,000	24,000	13,403	10,597
Debt Service:				
Principal Retirement	10,000	10,000	9,800	200
Interest and Fiscal Charges	3,000	3,000	2,450	550
<i>Total Disbursements</i>	<u>187,134</u>	<u>187,134</u>	<u>141,218</u>	<u>45,916</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(114,134)</u>	<u>(114,134)</u>	<u>(53,670)</u>	<u>60,464</u>
Other Financing Uses				
Other Financing Uses	<u>(10,000)</u>	<u>(10,000)</u>		<u>10,000</u>
<i>Net Change in Fund Balance</i>	(124,134)	(124,134)	(53,670)	70,464
<i>Fund Balance Beginning of Year</i>	<u>\$124,134</u>	<u>\$124,134</u>	<u>124,134</u>	
<i>Fund Balance End of Year</i>	<u><u> </u></u>	<u><u> </u></u>	<u><u>\$70,464</u></u>	<u><u>\$70,464</u></u>

See accompanying notes to the basic financial statements

**FLORENCE TOWNSHIP
WILLIAMS 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		
Receipts				
Intergovernmental	\$79,000	\$79,000	\$88,447	\$9,447
Interest	900	900	1,519	619
Other	100	100	1,371	1,271
<i>Total Receipts</i>	80,000	80,000	91,337	11,337
Disbursements				
Current:				
Public Works	121,556	128,556	102,008	26,548
Capital Outlay	29,000	22,000	10,532	11,468
<i>Total Disbursements</i>	150,556	150,556	112,540	38,016
<i>Net Change in Fund Balance</i>	(70,556)	(70,556)	(21,203)	49,354
<i>Fund Balance Beginning of Year</i>	\$70,557	\$70,557	70,557	
<i>Fund Balance End of Year</i>	\$49,354	\$49,354	\$49,354	\$49,354

See accompanying notes to the basic financial statements

**FLORENCE TOWNSHIP
WILLIAMS 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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$34,750	\$34,750	\$42,111	\$7,361
Intergovernmental	3,200	3,200	5,145	1,945
Other	50	50		(50)
<i>Total Receipts</i>	38,000	38,000	47,256	9,256
Disbursements				
Current:				
Public Works	68,836	68,836	33,842	34,994
Capital Outlay	40,000	40,000	10,000	30,000
<i>Total Disbursements</i>	108,836	108,836	43,842	64,994
<i>Net Change in Fund Balance</i>	(70,836)	(70,836)	3,414	74,250
<i>Fund Balance Beginning of Year</i>	\$70,836	\$70,836	70,836	
<i>Fund Balance End of Year</i>	70,836	70,836	\$74,250	\$74,250

See accompanying notes to the basic financial statements

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 1 – REPORTING ENTITY

Florence Township, Williams 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 reporting entity is comprised of the primary government.

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, fire protection, maintenance of Township roads and bridges, and cemetery maintenance.

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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Based on this criterion, the Township has no component units.

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.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of 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 categorized as 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 as follows:

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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

1. General Fund

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. Gasoline Tax Fund

The Gasoline Tax Fund receives state fuel excise taxes to pay for constructing, maintaining, and repairing Township Roads.

3. Road and Bridge Fund

The Road and Bridge Fund receives property tax monies for constructing, maintaining, and repairing Township roads and bridges.

4. Capital Project Fund

The Capital Project Fund receives property tax monies to provide for the purchase of township fire equipment.

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. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

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.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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

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. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash

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

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 \$6,737 which includes \$4,419 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. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

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

J. 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.

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 and bridge construction, maintenance, and repair and fire protection.

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

Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the cash basis in as much as the Township cancels outstanding year end encumbrances.

NOTE 4 – 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.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)

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

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)

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. Deposits are insured by the Federal Depositor Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

NOTE 5 – 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 represent the collection of 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. 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 represent the collection of 2006 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 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 2007 (other than public utility property) represent the collection of 2007 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 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.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 5 – PROPERTY TAXES – (CONTINUED)

The full tax rate for all Township operations for the year ended December 31, 2007, was \$44.04 per \$1,000 of assessed value. 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	\$20,239,670
Agriculture	9,811,350
Commercial/Industrial/Mineral	4,784,060
Public Utility Property	
Real	28,710
Personal	1,721,660
Tangible Personal Property	6,388,390
Total Assessed Value	<u>\$42,973,840</u>

NOTE 6 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2007 the Township contracted with a private carrier for property and liability insurance.

The Township provides health insurance to its full-time employee through a private carrier.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

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

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 7 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)

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.

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 \$10,217, \$8,818, and \$6,192, respectively. The full amount has been contributed for 2007, 2006, and 2005.

NOTE 8 - POSTEMPLOYMENT BENEFITS

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 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent from January 1, 2007 through June 30, 2007 and 6.00 percent from July 1, 2007 through December 31, 2007 of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, 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 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$3,670. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, were \$12.0 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. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 9 – 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</u>						
<u>Activities</u>						
General Obligation Bonds						
2002 Issue (\$98,000)	5.00%	\$49,000		\$9,800	\$39,200	\$9,800
General Obligation Bonds						
2007 Issue (\$80,000)	4.50%		80,000		80,000	40,000
Total Debt		<u>\$49,000</u>	<u>\$80,000</u>	<u>\$9,800</u>	<u>\$119,200</u>	<u>\$49,800</u>

The Series 2002 bonds were used to acquire an equipment truck and related equipment apparatuses for the Township fire department, which matures in 2011, and are paid from the General Fund.

The Series 2007 bonds were used to acquire a fire tanker truck for the Township fire department and mature in 2009. Proceeds of a tax levy for this purpose are used to repay the bonds from the Permanent Improvement fund.

The general obligation bonds are supported by the full faith and credit of the Township and are 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	G.O. Bonds	
	Principal	Interest
2008	49,800	5,560
2009	49,800	3,270
2010	9,800	980
2011	9,800	490
Totals	<u>\$119,200</u>	<u>\$10,300</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$4,393,053 and an unvoted debt margin of \$2,244,361.



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

Florence Township
Williams County
5389 County Road M50
P.O. Box 107
Edon, Ohio 43518-0107

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 Florence Township, Williams County, (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated March 27, 2008, 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 Auditors 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 115.06 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 considered the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We also noted certain matters that we reported to the Township's management in a separate letter dated March 27, 2008.

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 no instances of noncompliance on other matters we must report under *Government Auditing Standards*.

We also note a certain noncompliance matter that we reported to the Township's management in a separate letter dated March 27, 2008.

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



Mary Taylor, CPA
Auditor of State

March 27, 2008

**FLORENCE TOWNSHIP
WILLIAMS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

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

FINDING NUMBER 2007-001

Material Weakness – Financial Reporting

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustments.

1. There were tangible personal property tax loss reimbursement monies that were misposted to the "Taxes" line item instead of "Intergovernmental Revenue" line item in the Special Levy fund. Total amount of misposting was \$2,525.
2. Bonds that were sold were posted to the "Sale of Notes" line item instead of "Sale of Bonds" line item in the Capital Projects fund. Total amount of misposting was \$80,000.
3. The original budget for the Gasoline Tax fund had \$7,000 posted to the "Capital Outlay" line item instead of the "Public Works" line item.

Sound financial reporting is the responsibility of the fiscal officer and the governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. The Fiscal Officer should also review the Township Handbook's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

Officials' Response:

Management did not respond to this finding.

FLORENCE TOWNSHIP
WILLIAMS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Revised Code § 5705.41(B), expenditures exceeding appropriations	Yes	



Mary Taylor, CPA
Auditor of State

FLORENCE TOWNSHIP

WILLIAMS 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
APRIL 17, 2008