



Mary Taylor, CPA
Auditor of State

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

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VAN WERT COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hoaglin Township
Van Wert County
16487 Galvin Road
Van Wert, Ohio 45891

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 Hoaglin Township, Van Wert County, (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 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 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 Hoaglin Township, Van Wert County, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Motor Vehicle License Tax, Gasoline Tax, and Fire District funds for December 31, 2007 and 2006 and also the Road and Bridge fund for December 31, 2007, in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 25, 2008

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of Hoaglin Township, Van Wert County, (the Township)) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of Hoaglin Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities decreased \$13,626 or 13 percent, from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2007; however, cost increases affected most funds.
- The Township's general receipts are primarily property taxes and unrestricted grants and entitlements. These receipts comprised 38 percent of the total receipts. For program receipts, gasoline tax receipts surpassed expectations, due to the large increase in per gallon gasoline prices and comprised 46.3 percent of total receipts. Property taxes receipts changed very little compared to 2006.
- A request was made to the County Auditor by the Hoaglin Township Board of Trustees that allowed a transfer of 1.0 mill of inside millage from the Road and Bridge fund to the General Fund, leaving .6 mills as revenue for the Road and Bridge fund. This step was taken in an effort by the Board of Trustees to increase revenue to the General Fund, which has been steadily decreasing each year.

Key highlights for 2006 are as follows:

- Net assets of governmental activities decreased \$13,440 or 11.4 percent, from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2006; however, cost increases affected most funds.
- The Township's general receipts are primarily property taxes and unrestricted grants and entitlements. These receipts comprised 34.3 percent of the total receipts. For program receipts, gasoline tax receipts surpassed expectations, due to the large increase in per gallon gasoline prices and comprised 35.4 percent of total receipts. Property taxes receipts changed very little compared to 2005.
- State receipts from Issue II grant monies were received in the amount of \$37,917 or 15.5 percent of total revenue. This revenue is expected to be received every three years, and is utilized for road resurfacing. The amount of the grant varies.
- Increasing costs of fire protection prompted the Board of Trustees to increase the fire fund millage by .6 mills making total fire millage 2.0 mills. The levy was placed on the ballot in November as a 1.4 mill renewal and an increase of .6 mills. The levy was approved by Township voters on November 7th, 2006. The increased millage should cover the increased cost of fire and EMS protection for the Township for several years.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

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. Hoaglin 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 2007 and 2006, within the limitations of 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. General receipts are all receipts not classified as program 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 Hoaglin Township's financial condition, you should also consider other non-financial factors as well, such as the Township's property tax base, and the need for continued growth in the major local revenue sources such as local property, estate, and gasoline taxes.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

In the statement of net assets and the statement of activities, Hoaglin Township only administered governmental activities in 2007 and 2006.

Governmental activities. All of the Township's basic services are reported here, including fire protection and road, ditch and cemetery maintenance. Property, estate and gasoline taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them. Cemetery maintenance is partially funded by burial fees and sales of cemetery lots. The remainder of cemetery maintenance and upkeep is expended from property taxes.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about Hoaglin Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. Hoaglin Township utilizes only the governmental fund category at this time, having no proprietary or fiduciary funds.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2006 and 2007, the Township's major governmental funds are the General Fund, the Motor Vehicle License Fund, the Gasoline Fund and the Fire Fund. For 2007, the Road and Bridge Fund and for 2006, the Issue II fund were also major funds. 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 and 2006 compared to 2005 on a cash basis:

Table 1			
Net Assets			
Assets	Governmental Activities		
	2007	2006	2005
Cash and Cash Equivalents	\$90,630	\$104,256	\$117,696
Net Assets			
Restricted For:			
Permanent Fund			
Expendable	184	181	183
Nonexpendable	500	500	500
Other Purposes	78,077	63,596	71,206
Unrestricted	11,869	39,979	45,807
Total Net Assets	\$90,630	\$104,256	\$117,696

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

As was mentioned previously, net assets of governmental activities decreased \$13,626 or 13 percent during 2007. The primary reasons contributing to the decreases in the cash balance are as follows:

- Decrease in the amount of estate tax receipts
- Unexpected requested refund to county auditor of overpayment of estate tax
- Loss of personal property tax receipts
- No growth in tax base and property taxes
- Increased cost of materials for road maintenance and resurfacing
- Increase in fuel costs

For 2006, the net asset decrease was \$13,440 or 11.4 percent. The primary reasons contributing to the decreases in the cash balance are as follows:

- Decrease in the amount of estate tax receipts
- No growth in tax base and property taxes
- Increased cost of materials for road maintenance and resurfacing
- Increase in fuel costs

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

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$1,665	\$4,310	\$4,920
Operating Grants and Contributions	109,330	106,905	95,989
Capital Grants and Contributions		37,917	
Total Program Receipts	<u>110,995</u>	<u>149,132</u>	<u>100,909</u>
General Receipts:			
Property and Other Local Taxes	41,128	36,584	41,651
Grants and Entitlements Not Restricted to Specific Programs	32,836	47,121	92,964
Interest	2,316	329	
Miscellaneous	7,488	10,707	6,218
Total General Receipts	<u>83,768</u>	<u>94,741</u>	<u>140,833</u>
Total Receipts	<u>194,763</u>	<u>243,873</u>	<u>241,742</u>
Disbursements:			
General Government	42,331	53,768	48,787
Security of Persons and Property:	32,512	30,478	21,084
Public Health Services	2,718	4,327	13,419
Public Works	103,348	122,028	122,427
Refund of Prior Receipt	18,685		
Capital Outlay	8,795	46,712	608
Total Disbursements	<u>208,389</u>	<u>257,313</u>	<u>206,325</u>
Increase (Decrease)in Net Assets	(13,626)	(13,440)	35,417
Net Assets, January 1	<u>104,256</u>	<u>117,696</u>	<u>82,279</u>
Net Assets, December 31	<u><u>\$90,630</u></u>	<u><u>\$104,256</u></u>	<u><u>\$117,696</u></u>

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

For 2007, General Fund receipts represented 22.2 percent of the Township's total receipts and of this amount 3.6 percent were estate tax receipts, a significant decrease from 2006. 80.6 percent of General Fund receipts were derived from local property and distribution taxes. Estate tax receipts are unpredictable and vary greatly from year to year. Of the Township's total receipts, 46.3 percent was received from gasoline taxes, an increase of approximately 4.4 percent from 2006.

For 2006, General Fund receipts represented 24.5 percent of the Township's total receipts and of this amount 8.4 percent were estate tax receipts. 81 percent of General Fund receipts were derived from local property and distribution taxes. Estate tax receipts are unpredictable and vary greatly from year to year. Of the Township's total receipts, 35.4 percent was received from gasoline taxes an increase of approximately 3 percent from 2005.

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 cost of the Board of Trustees and the fiscal officer and payroll.

Public Safety represents fire and ambulance protection contracted with the Villages of Grover Hill, Scott, and Middle Point.

Hoaglin Township is a member of the Van Wert County Health District and the disbursement entitled Health is payment to that public entity for services provided for the Township and its residents.

Governmental Activities

For 2007 the major program disbursements for governmental activities were for public works and general government which account for approximately 49.6 percent and 20.3 percent of all township disbursements. A comparison between the total cost of services and the net cost is presented in Table 3A for 2007 and 2006:

(Table 3A)

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$42,331	\$40,666	\$53,768	\$51,298
Public Safety	32,512	31,512	30,478	29,478
Public Works	103,348	(4,982)	122,028	16,123
Health	2,718	2,718	4,327	2,487
Other	18,685	18,685		
Capital Outlay	8,795	8,795	46,712	8,795
Total Expenses	<u>\$208,389</u>	<u>\$97,394</u>	<u>\$257,313</u>	<u>\$108,181</u>

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

For 2006, the major program disbursements for governmental activities were for public works and general government which account for approximately 47 percent and 21 percent of all township disbursements. A comparison between the total cost of services and the net cost is presented in Table 3B for 2006 and 2005:

(Table 3B)
Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$53,768	\$51,298	\$48,787	\$47,587
Public Safety	30,478	29,478	21,084	20,084
Public Works	122,028	16,123	122,427	27,438
Health	4,327	2,487	13,419	9,699
Capital Outlay	46,712	8,795	608	608
Total Expenses	\$257,313	\$108,181	\$206,325	\$105,416

The Township's Funds

For 2007, the total governmental funds had receipts of \$194,763 and disbursements of \$208,389. For 2006 the total governmental funds had receipts of \$243,873 and disbursements of \$257,313. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$28,110 and \$5,828, respectively, as the result of increases in salaries, benefits and general operating expenses, a decrease in local estate tax receipts and the elimination of the personal property tax receipts. Also, the township was required by the county auditor to refund approximately \$18,000 in estate tax revenue in 2007, which was an unexpected expense.

For 2007 and 2006, General Fund receipts were less than disbursements by \$ 28,110 and \$5,828, respectively, indicating that the General Fund is in deficit spending. It is anticipated that the 1.0 mill transferred from the Road and Bridge Fund to the General Fund will help alleviate the deficit spending in the General Fund. The Township budget and financial committee consisting of the Board of Township Trustees and the Township Fiscal Officer will closely monitor disbursements, and endeavor to reduce spending and overhead expenses.

General Fund Budgeting Highlights

Hoaglin 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.

General Fund receipts did not meet budget expectations for 2007. Actual receipts in the General Fund were \$43,219 with an expected budget amount of \$48,491. General Fund receipts exceeded budget expectations for 2006. Actual receipts in the general fund were \$59,829 with an expected budget amount of \$53,401.

Actual 2007 disbursements in the General Fund amounted to \$71,329. There was a decrease in the General Fund balance at year end of \$28,110. Actual 2006 disbursements in the General Fund amounted to \$65,657. There was a decrease in the General Fund balance at year end of \$5,828.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED
(Continued)**

Current Issues

The challenge for all rural Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and shrinking, funding. Hoaglin Township relies heavily on local taxes and has very little industry to support the tax base. The elimination of the personal property tax continues to be an important funding issue. The Board of Trustees and the Fiscal Officer will continue to provide the best service to township residents while staying within the budget restraints.

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 Sally Snyder, Hoaglin Township Fiscal Officer, 16487 Galvin Road, Van Wert, Ohio, 45891.

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HOAGLIN TOWNSHIP
VAN WERT COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$90,630
Total Assets	<u>90,630</u>
Net Assets	
Restricted for:	
Permanent Fund: Cemetery	
Expendable	184
Nonexpendable	500
Other Purposes	78,077
Unrestricted	11,869
Total Net Assets	<u>\$90,630</u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$42,331	\$1,665		(\$40,666)
Public Safety	32,512		\$1,000	(31,512)
Public Works	103,348		108,330	4,982
Health	2,718			(2,718)
Capital Outlay	8,795			(8,795)
Other	18,685			(18,685)
Total Governmental Activities	<u>\$208,389</u>	<u>\$1,665</u>	<u>\$109,330</u>	(97,394)
General Receipts				
Property Taxes				41,128
Grants and Entitlements not Restricted to Specific Programs				32,836
Earnings on Investments				2,316
Miscellaneous				7,488
Total General Receipts				83,768
Change in Net Assets				(13,626)
Net Assets Beginning of Year				<u>104,256</u>
Net Assets End of Year				<u>\$90,630</u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Motor Vehicle License</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$11,869	\$10,095	\$45,253	\$7,755	\$11,416	\$4,242	\$90,630
Total Assets	<u>11,869</u>	<u>10,095</u>	<u>45,253</u>	<u>7,755</u>	<u>11,416</u>	<u>4,242</u>	<u>90,630</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	11,869						11,869
Special Revenue Funds		10,095	45,253	7,755	11,416	3,558	78,077
Permanent Fund						684	684
Total Fund Balances	<u>\$11,869</u>	<u>\$10,095</u>	<u>\$45,253</u>	<u>\$7,755</u>	<u>\$11,416</u>	<u>\$4,242</u>	<u>\$90,630</u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

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

	General	Motor Vehicle License	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$5,710			\$20,556	\$14,862		\$41,128
Licenses, Permits and Fees	215					\$1,450	1,665
Intergovernmental	29,109	\$17,958	\$88,979	2,180	1,547	1,393	141,166
Earnings on Investments	760	315	1,205			36	2,316
Miscellaneous	7,425			36	1,027		8,488
Total Receipts	43,219	18,273	90,184	22,772	17,436	2,879	194,763
Disbursements							
Current:							
General Government	42,331						42,331
Public Safety	9,998				22,514		32,512
Public Works		14,382	68,326	18,641		2,000	103,349
Health	315					2,403	2,718
Capital Outlay			8,794				8,794
Total Disbursements	52,644	14,382	77,120	18,641	22,514	4,403	189,704
Excess of Receipts Over (Under) Disbursements	(9,425)	3,891	13,064	4,131	(5,078)	(1,524)	5,059
Other Financing Sources (Uses)							
Refund of Prior Year Receipt	(18,685)						(18,685)
Net Change in Fund Balances	(28,110)	3,891	13,064	4,131	(5,078)	(1,524)	(13,626)
Fund Balances Beginning of Year	39,979	6,204	32,189	3,624	16,494	5,766	104,256
Fund Balances End of Year	\$11,869	\$10,095	\$45,253	\$7,755	\$11,416	\$4,242	\$90,630

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$6,430	\$6,430	\$5,710	(\$720)
Licenses, Permits and Fees	450	450	215	(235)
Intergovernmental	33,736	33,736	29,109	(4,627)
Earnings on Investments	175	175	760	585
Miscellaneous	7,700	7,700	7,425	(275)
Total receipts	<u>48,491</u>	<u>48,491</u>	<u>43,219</u>	<u>(5,272)</u>
Disbursements				
Current:				
General Government	74,680	74,980	42,331	32,649
Public Safety	9,998	9,998	9,998	
Public Works	1,500	1,500		1,500
Health	2,750	2,450	315	2,135
Capital Outlay	200	200		200
Total Disbursements	<u>89,128</u>	<u>89,128</u>	<u>52,644</u>	<u>36,484</u>
Excess of Receipts Over (Under) Disbursements	(40,637)	(40,637)	(9,425)	31,212
Other Financing Sources (Uses)				
Other Financing Uses			(18,685)	(18,685)
Net Change in Fund Balance	(40,637)	(40,637)	(28,110)	12,527
Fund Balance Beginning of Year	<u>39,979</u>	<u>39,979</u>	<u>39,979</u>	
Fund Balance End of Year	<u>(\$658)</u>	<u>(\$658)</u>	<u>\$11,869</u>	<u>\$12,527</u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
MOTOR VEHICLE LICENSE TAX 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>	
Receipts				
Intergovernmental	\$18,200	\$18,200	\$17,958	(\$242)
Earnings on Investments	25	25	315	290
Total receipts	<u>18,225</u>	<u>18,225</u>	<u>18,273</u>	<u>48</u>
Disbursements				
Current:				
Public Works	24,179	24,179	14,382	9,797
Capital Outlay	250	250		250
Total Disbursements	<u>24,429</u>	<u>24,429</u>	<u>14,382</u>	<u>10,047</u>
Excess of Receipts Over (Under) Disbursements	(6,204)	(6,204)	3,891	10,095
Fund Balance Beginning of Year	<u>6,204</u>	<u>6,204</u>	<u>6,204</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$10,095</u></u>	<u><u>\$10,095</u></u>

See accompanying notes to the basic financial statements

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$78,475	\$78,475	\$88,979	\$10,504
Earnings on Investments	150	150	1,205	1,055
Total receipts	<u>78,625</u>	<u>78,625</u>	<u>90,184</u>	<u>11,559</u>
Disbursements				
Current:				
Public Works	101,339	101,339	68,326	33,013
Capital Outlay	9,475	9,475	8,794	681
Total Disbursements	<u>110,814</u>	<u>110,814</u>	<u>77,120</u>	<u>33,694</u>
Excess of Receipts Over (Under) Disbursements	(32,189)	(32,189)	13,064	45,253
Fund Balance Beginning of Year	<u>32,189</u>	<u>32,189</u>	<u>32,189</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$45,253</u></u>	<u><u>\$45,253</u></u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
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>	
Receipts				
Property and Other Local Taxes	\$18,315	\$18,315	\$20,556	\$2,241
Intergovernmental	2,115	2,115	2,180	65
Miscellaneous	725	725	36	(689)
Total receipts	<u>21,155</u>	<u>21,155</u>	<u>22,772</u>	<u>1,617</u>
Disbursements				
Current:				
Public Works	<u>24,779</u>	<u>24,779</u>	<u>18,641</u>	<u>24,779</u>
Total Disbursements	<u>24,779</u>	<u>24,779</u>	<u>18,641</u>	<u>24,779</u>
Excess of Receipts Over (Under) Disbursements	(3,624)	(3,624)	4,131	26,396
Fund Balance Beginning of Year	<u>3,624</u>	<u>3,624</u>	<u>3,624</u>	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$7,755</u>	<u>\$26,396</u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT 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>	
Receipts				
Property and Other Local Taxes	\$20,610	\$20,610	\$14,862	(\$5,748)
Intergovernmental	2,000	2,000	1,547	(453)
Miscellaneous	1,000	1,000	1,027	27
Total receipts	<u>23,610</u>	<u>23,610</u>	<u>17,436</u>	<u>(6,174)</u>
Disbursements				
Current:				
Public Safety	<u>40,104</u>	<u>40,104</u>	<u>22,514</u>	<u>17,590</u>
Total Disbursements	<u>40,104</u>	<u>40,104</u>	<u>22,514</u>	<u>17,590</u>
Excess of Receipts Over (Under) Disbursements	(16,494)	(16,494)	(5,078)	11,416
Fund Balance Beginning of Year	<u>16,494</u>	<u>16,494</u>	<u>16,494</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$11,416</u></u>	<u><u>\$11,416</u></u>

See accompanying notes to the basic financial statements.

HOAGLIN TOWNSHIP
VAN WERT COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash	\$104,256
Total Assets	<u>104,256</u>
Net Assets	
Restricted for:	
Permanent Fund: Cemetery	
Expendable	181
Nonexpendable	500
Other Purposes	63,596
Unrestricted	<u>39,979</u>
Total Net Assets	<u>\$104,256</u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

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

	Program Cash Receipts			Net (Disbursements) Net Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$53,768	\$2,470			(\$51,298)
Public Safety	30,478		\$1,000		(29,478)
Public Works	122,028		105,905		(16,123)
Health	4,327	1,840			(2,487)
Capital Outlay	46,712			\$37,917	(8,795)
Total Governmental Activities	\$257,313	\$4,310	\$106,905	\$37,917	(108,181)
 General Receipts					
Property Taxes					36,584
Grants and Entitlements not Restricted to Specific Programs					47,121
Earnings on Investments					329
Miscellaneous					10,707
Total General Receipts					94,741
Change in Net Assets					(13,440)
Net Assets Beginning of Year					117,696
Net Assets End of Year					\$104,256

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Motor Vehicle License Tax</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash	\$39,979	\$6,204	\$32,189	\$16,494	\$9,390	\$104,256
Total Assets	<u>39,979</u>	<u>6,204</u>	<u>32,189</u>	<u>16,494</u>	<u>9,390</u>	<u>104,256</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	39,979					39,979
Special Revenue Funds		6,204	32,189	16,494	8,709	63,596
Permanent Fund					681	681
Total Fund Balances	<u>\$39,979</u>	<u>\$6,204</u>	<u>\$32,189</u>	<u>\$16,494</u>	<u>\$9,390</u>	<u>\$104,256</u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

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

	General	Motor Vehicle License Tax	Gasoline Tax	Fire District	Issue 2 Projects	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$5,175			\$13,109		\$18,300	\$36,584
Licenses, Permits and Fees	320					2,150	2,470
Intergovernmental	43,446	\$18,237	\$86,235	1,526	\$37,917	3,582	190,943
Earnings on Investments	181	25	117			6	329
Miscellaneous	10,707			1,000		1,840	13,547
Total Receipts	59,829	18,262	86,352	15,635	37,917	25,878	243,873
Disbursements							
Current:							
General Government	53,768						53,768
Public Safety	10,110			20,368			30,478
Public Works		18,244	78,516			25,268	122,028
Health	1,779					2,548	4,327
Capital Outlay			8,795		37,917		46,712
Total Disbursements	65,657	18,244	87,311	20,368	37,917	27,816	257,313
Excess of Receipts Over (Under) Disbursements	(5,828)	18	(959)	(4,733)		(1,938)	(13,440)
Fund Balances Beginning of Year	45,807	6,186	33,148	21,227		11,328	117,696
Fund Balances End of Year	\$39,979	\$6,204	\$32,189	\$16,494	\$0	\$9,390	\$104,256

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT 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>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$11,190	\$11,190	\$5,175	(\$6,015)
Licenses, Permits and Fees	450	450	320	(130)
Intergovernmental	39,486	39,486	43,446	3,960
Earnings on Investments	150	150	181	31
Miscellaneous	2,125	2,125	10,707	8,582
Total receipts	<u>53,401</u>	<u>53,401</u>	<u>59,829</u>	<u>6,428</u>
Disbursements				
Current:				
General Government	76,546	76,546	53,768	22,778
Public Safety	10,110	10,110	10,110	
Public Works	8,000	8,000		8,000
Health	10,250	10,250	1,779	8,471
Capital Outlay	250	250		250
Total Disbursements	<u>105,156</u>	<u>105,156</u>	<u>65,657</u>	<u>39,499</u>
Excess of Receipts Over (Under) Disbursements	(51,755)	(51,755)	(5,828)	45,927
Fund Balance Beginning of Year	<u>45,807</u>	<u>45,807</u>	<u>45,807</u>	
Fund Balance End of Year	<u>(\$5,948)</u>	<u>(\$5,948)</u>	<u>\$39,979</u>	<u>\$45,927</u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$18,175	\$18,175	\$18,237	\$62
Earnings on Investments	50	50	25	(25)
Total receipts	<u>18,225</u>	<u>18,225</u>	<u>18,262</u>	<u>37</u>
Disbursements				
Current:				
Public Works	24,161	24,161	18,244	5,917
Capital Outlay	250	250		250
Total Disbursements	<u>24,411</u>	<u>24,411</u>	<u>18,244</u>	<u>6,167</u>
Excess of Receipts Over (Under) Disbursements	(6,186)	(6,186)	18	6,204
Fund Balance Beginning of Year	<u>6,186</u>	<u>6,186</u>	<u>6,186</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$6,204</u></u>	<u><u>\$6,204</u></u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

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

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u></u>
Receipts				
Intergovernmental	\$68,380	\$68,380	\$86,235	\$17,855
Earnings on Investments	200	200	117	(83)
Total receipts	<u>68,580</u>	<u>68,580</u>	<u>86,352</u>	<u>17,772</u>
Disbursements				
Current:				
Public Works	101,228	92,434	78,516	13,918
Capital Outlay	500	9,294	8,795	499
Total Disbursements	<u>101,728</u>	<u>101,728</u>	<u>87,311</u>	<u>14,417</u>
Excess of Receipts Over (Under) Disbursements	(33,148)	(33,148)	(959)	32,189
Fund Balance Beginning of Year	<u>33,148</u>	<u>33,148</u>	<u>33,148</u>	<u></u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$32,189</u></u>	<u><u>\$32,189</u></u>

See accompanying notes to the basic financial statements.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT 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>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$13,000	\$13,000	\$13,109	\$109
Intergovernmental	2,000	2,000	1,526	(474)
Miscellaneous	1,080	1,080	1,000	(80)
Total receipts	<u>16,080</u>	<u>16,080</u>	<u>15,635</u>	<u>(445)</u>
Disbursements				
Current:				
Public Safety	34,780	34,780	20,368	14,412
Total Disbursements	<u>34,780</u>	<u>34,780</u>	<u>20,368</u>	<u>14,412</u>
Excess of Receipts Over (Under) Disbursements	(18,700)	(18,700)	(4,733)	13,967
Fund Balance Beginning of Year	<u>21,227</u>	<u>21,227</u>	<u>21,227</u>	
Fund Balance End of Year	<u><u>\$2,527</u></u>	<u><u>\$2,527</u></u>	<u><u>\$16,494</u></u>	<u><u>\$13,967</u></u>

See accompanying notes to the basic financial statements.

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**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

1. DESCRIPTION OF ENTITY

Hoaglin Township, Van Wert County (the Township) is a body corporate and politic 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 Fiscal Officer.

The reporting entity is comprised of the primary government, component units 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, and boards and agencies that are not legally separate from the Township. The Township provides general services, road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services. The Township contracts with the Villages of Grover Hill, Middle Point, and Scott for fire protection and ambulance services. Police protection is provided by the Van Wert 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. 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. The Township has no component units.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

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 and the fund financial statements for the proprietary funds, 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.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

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.

1. 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 non-exchange 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 recipients of the program's goods or services, grants and contributions restricted to meeting the operation or capital requirements of a particular program. General receipts are all receipts not classified as program receipts with 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.

2. 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. Non-major 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 reported as governmental.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. In 2007, the Township's major governmental funds were the General Fund, Motor Vehicle License Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire District Fund. In 2006, the Township's major governmental funds were the General Fund, Motor Vehicle License Fund, Gasoline Tax Fund, Fire District Fund, and the Issue II Projects Fund.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Road and Bridge Fund – This fund receives a portion of property tax money for the constructing, maintaining, and repair of Township roads

Motor Vehicle License Tax - This fund receives motor vehicle license tax monies for constructing, maintaining, and repair of Township roads.

Gasoline Tax Fund - This fund receives gasoline tax monies for constructing, maintaining, and repair of Township roads

Fire District Fund - This fund receives property taxes levied by the township to provide fire protection.

Issue II Fund – this fund receives a share of county receipts from State Issue II and is used for special projects in constructing and repairing Township roads.

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. The 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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, 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, function and object level for all funds.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

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

E. Cash and Investments

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

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 \$760 and during 2006 was \$181.

F. Restricted Assets

Cash and cash equivalents 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. Restricted assets for other purposes represent the special revenue funds and the Cemetery Bequest 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. 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 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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 special revenue purposes and a permanent fund. 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.

3. DEPOSITS AND INVESTMENTS

The Township maintains a cash pool used by all funds. 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;

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

3. DEPOSITS AND INVESTMENTS (Continued)

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.

A. Deposits

At December 31, 2007 and 2006, the carrying amounts of the Township's deposits were \$90,630 and \$104,256, respectively, and the bank balances were \$92,360 and \$114,225, respectively. Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, \$14,225 of the Township's bank balance 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.

4. 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. For 2006, the amounts levied were for the year prior to those indicated for 2007. 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.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

4. PROPERTY TAXES (Continued)

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. For 2006, the liens were a year earlier than 2007. 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.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$3.70 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:

	2007	2006
Real Property		
Residential	\$ 6,394,340	\$6,181,690
Agricultural	3,566,870	3,601,430
Commercial/Industrial/Mineral	209,570	279,540
Tangible Personal Property	554,433	1,695,906
Business		
Public Utility	653,770	659,630
Total Assessed Value	\$11,378,983	\$12,418,196

The Van Wert 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.

5. RISK MANAGEMENT

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

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.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

5. RISK MANAGEMENT (Continued)

A. 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. 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 PEP'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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

B. 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. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 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 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

C. 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, 2007 and 2006:

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

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

5. RISK MANAGEMENT (Continued)

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 \$4,990. 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	\$5,686.
2006	5,885.
2007	5,309.

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.

6. DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System

1. Plan Description

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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEFINED BENEFIT PENSION PLAN (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.

2. Funding Policy

The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2007 and December 31, 2006, members in state and local classifications contributed 9.5 and 9.0 percent, respectively, of covered payroll.

The Township's contribution rates for 2007 and 2006 were 13.85 and 13.70 percent, respectively, of covered payroll. For the period January 1, through June 30, 2007, a portion of the Township's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. For the year 2006, 4.5 percent was used to fund the post-employment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

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 \$3,425 \$3,839, and \$3,895, respectively. The full amount has been contributed for 2007, 2006 and 2005.

7. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

1. Plan Description

OPERS maintains a cost-sharing multiple-employer defined benefit post employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

**HOAGLIN TOWNSHIP
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

7. POST-EMPLOYMENT BENEFITS (Continued)

2. Funding Policy

The post employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll for 2007 and 13.77 for 2006. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007. For the year 2006 4.5 percent was used to fund the post-employment healthcare.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$2,255, \$1,878, and \$1,632 respectively; 100 percent has been contributed for all years.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

8. 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.

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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*

Hoaglin Township
Van Wert County
16487 Galvin Road
Van Wert, Ohio 45891

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 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 July 25, 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 Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

**Internal Control Over Financial Reporting
(Continued)**

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

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 do not believe the significant deficiency described above is material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated July 25, 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2007-001.

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

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



Mary Taylor, CPA
Auditor of State

July 25, 2008

HOAGLIN TOWNSHIP
VAN WERT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING 2007-001

Noncompliance Citation – Health Care Reimbursement

Ohio Rev. Code Section 505.60(C) states that if any township officer or employee is denied coverage under a health care plan procured under division (B) of this section or if any township officer or employee elects not to participate in the township's health care plan, the township may reimburse the officer or employee for each out of pocket premium that the officer or employee incurs for insurance policies described in division (A) of this section that the officer or employee otherwise obtains, but not to exceed an amount equal to the average premium paid by the township for its officer and employees under policies it procures under division (B) of this section.

Attorney General Opinion 2005-038 concluded that, pursuant to Ohio Rev. Code Section 505.60(C), a board of trustees may reimburse a township officer or employee for the out-of-pocket premiums attributable to that officer or employee for health care coverage under insurance policies described in Ohio Rev. Code Section 505.60(A) if the officer or employee is denied health care coverage under a policy procured by the township under Ohio Rev. Code Section 505.60(B), or if the officer or employee elects not to participate in the township's health care plan. The policies described in 505.60(A) do not include family coverage. Therefore, the township should not reimburse for premium costs attributable to the spouse or dependents of an officer or employee.

The Township reimbursed a trustee for family coverage in the amounts of \$2,385 and \$2,856 for the years 2006 and 2007, respectively, which was in excess of his actual out-of-pocket premium expenses attributable to him only.

Our audits of townships during this audit period have revealed ambiguity in the interpretation of the health care reimbursement statutes, as demonstrated in the opinions of several prosecuting attorneys submitted to our office. In addition, legislation has been introduced and passed the Ohio House of Representatives to extend reimbursement to township officials and employees for premiums for family coverage. Therefore, we will not issue Findings for Recovery for these expenditures during the 2006-2007 audit period.

We recommend the Township revise its health care premium reimbursement policy to limit reimbursement to amounts attributable to township officials and employees only, unless and until HB 458 is passed by the legislature and becomes law.

Officials Response:

The Board of Trustees of Hoaglin Township strongly disagree with the Ohio Attorney General's opinion (2005-038) and finding concerning the Hoaglin Township Trustee's family insurance coverage reimbursement.

In the Township state audit of years 2004 and 2005, the same reimbursement policy was acceptable. We continued the policy in 2006 and 2007, understanding that it was acceptable to the Auditor of State according to ORC 505.60.

In ORC, Section 505.60 (B), the code specifically states that "*the board shall provide uniform coverage for township officers and their immediate dependents.*" We feel that this same coverage is certainly implied, if not specifically stated in Section 505.60 (C)

Therefore, we believe that the intent of ORC 505.60 is to cover township officials in an equitable and uniform manner. Coverage is not uniform or equitable if the AOS opinion is upheld.

**FINDING 2007-001
(Continued)**

Officials Response (Continued):

In an effort of goodwill to save our township hundreds of dollars each year, the trustee chose to be reimbursed through his spouse's employer's insurance for out of pocket expense of the family policy. The board and the fiscal officer believed this policy to be in compliance with the Ohio Revised Code, as evidenced in the previous state audit. It is the township's contention that this policy is still in compliance. The opinion and finding of the Auditor of State would place a penalty on good faith, goodwill, and common sense.

FINDING 2007-002

Significant Deficiency - Classifying Revenues and Expenditures

The Township posted all transactions to the cash journal and revenue/appropriation ledgers, however, not all transactions were posted to the correct account. The chart of accounts to be used for posting revenue and expenditure activity is set by Chapter 117-3 of the Ohio Administrative Code, and outlined in the Workbook for Cash Basis Annual Financial Report and the Ohio Township Handbook. The following items were not posted in accordance with the chart of accounts during 2007 and 2006:

- The Township incorrectly posted \$37,917 of Issue II expenditures as Public Works instead of Capital Outlay during 2006.
- The Township posted an \$18,685 General Fund Estate tax refund as a general government expenditure instead of posting as a refund of a prior year receipt in 2007.
- The Township posted a \$1,522 bank transfer as revenue in the General, Motor Vehicle License, Gasoline Tax, Road and Bridge, Cemetery, Fire, and Permissive Motor Vehicle License Fund in 2007. To correct, the fiscal officer posted a general fund – general government expenditure. Both the revenue and expenditure were reversed off the books.
- For both 2007 and 2006, the Township posted personal property tax replacement as taxes. During 2007, this affected the following funds in the indicated amounts; \$425 in the General Fund, \$1,189 in the Fire Fund and \$1,529 in the Road and Bridge Fund. During 2006, the effect was \$238 in the General Fund, \$668 in the Fire Fund and \$858 in the Road and Bridge Fund.

The failure to follow the UAN chart of accounts when coding revenue and expenditure activity could result in the material misstatement of the revenue and expenditure line items for reporting.

The UAN chart of accounts should be reviewed when posting revenue and expenditure activity to determine which account code best represents the transaction. Also, the Fiscal Officer should post revenue and expenditure corrections that occur within the same year as reductions of the original transactions.

Officials Response:

The Township fiscal officer will make every effort to post receipts to the proper fund/function.

HOAGLIN TOWNSHIP
VAN WERT 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>
2005-001	ORC Section 505.60(A) – insurance reimbursement	Yes	Repaid under Audit



Mary Taylor, CPA
Auditor of State

HOAGLIN TOWNSHIP

VAN WERT 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 23, 2008**