



Mary Taylor, CPA
Auditor of State

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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AUGLAIZE COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

St. Marys Township
Auglaize County
10307 Schroeder Road
St. Marys, Ohio 45885

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 St. Marys Township, Auglaize 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 St. Marys Township, Auglaize County, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Police District, Fire District, and Special Levy/Fire II funds for the years then ended in conformity with the basis of accounting Note 2 describes.

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

August 25, 2008

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

This discussion and analysis of the St. Marys Township (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 the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$113,611, or 10.3 percent, a significant change from the prior year. Most funds were affected by the increase in cash and cash equivalents mainly due to decreased costs in 2007.
- The Township's general receipts are primarily property taxes. These receipts represent 82 percent of the total cash received for governmental activities during the year. Property Tax receipts for 2007 changed very little compared to 2006 as developmental growth within the Township was light.
- The Township was able to purchase a few needed pieces of equipment including a New Holland tractor, Rosenbauer fire truck, and a new Police cruiser. All were purchased to replace out dated equipment.

Key highlights for 2006 are as follows:

- Net assets of governmental activities increased \$37,210, or 3.5 percent, from the prior year. The fund most affected by the increase in cash and cash equivalents was the Special Levy Fire Fund (2191), which realized the greatest fund balance increase in 2006; however, increases affected most funds.
- The Township's general receipts are primarily property taxes. These receipts represent 79 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 increased compared to 2005 as development within the Township has increased.
- The Township purchased a 2006 pick-up truck to replace the 1986 pick-up truck.

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 financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 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. Program receipts include charges paid by the recipient of governmental the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non financial 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 the Township's governmental activities:

Governmental activities - The Township's basic services are reported here, including police, fire, and street services. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

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

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

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

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$1,219,579	\$1,105,968	\$1,068,758
Total Assets	<u>1,219,579</u>	<u>1,105,968</u>	<u>1,068,758</u>
Net Assets			
Restricted for:			
Other Purposes	886,036	836,759	752,160
Unrestricted	<u>333,543</u>	<u>269,209</u>	<u>316,598</u>
Total Net Assets	<u>\$1,219,579</u>	<u>\$1,105,968</u>	<u>\$1,068,758</u>

As mentioned previously, net assets of governmental activities decreased \$113,611 or 10.3 percent during 2007 and \$37,210 or 3.5 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- The Township received several Estate Tax receipts that helped the General Fund increase its balance for the year.
- Investing with Star Ohio also increased the cash balance for the Township. Star Ohio investment gives greater returns on our funds over traditional banking deposits.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

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

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

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services	\$3,588	\$3,313	\$7,461
Operating Grants and Contributions	125,682	99,935	98,283
Capital Grants		54,720	50,062
Total Program Receipts	<u>129,270</u>	<u>157,968</u>	<u>155,806</u>
General Receipts:			
Property Taxes	374,502	355,432	301,704
Special Assessments	8,707	8,604	8,365
Grants and Entitlements not Restricted to Specific Programs	134,728	176,033	175,220
Interest	50,674	45,815	21,523
Miscellaneous	5,836	12,189	8,657
Total General Receipts	<u>574,447</u>	<u>598,073</u>	<u>515,469</u>
Total Receipts	<u>703,717</u>	<u>756,041</u>	<u>671,275</u>
Disbursements:			
General Government	85,019	96,240	74,576
Public Safety	145,391	142,643	159,383
Public Works	180,101	267,494	186,475
Other			4,071
Capital Outlay	179,595	212,454	24,571
Total Disbursements	<u>590,106</u>	<u>718,831</u>	<u>449,076</u>
Increase (Decrease) in Net Assets	113,611	37,210	222,199
Net Assets, January 1, 2007	1,105,968	1,068,758	846,559
Net Assets, December 31, 2007	<u><u>\$1,219,579</u></u>	<u><u>\$1,105,968</u></u>	<u><u>\$1,068,758</u></u>

Program receipts represent 18 and 21 percent of total receipts for 2007 and 2006, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax monies, building permits and inspection fees.

General receipts represent 82 and 79 percent of the Township's total receipts for 2007 and 2006, respectively, and of these amounts, over 65 and 59 percent, respectively are property taxes. Grants and entitlements make up the majority of the balance of the Township's general receipts (23 and 29 percent, respectively). 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 elected officials and zoning board members.

Public safety represents the costs of police and fire protection. Public works is the cost of maintaining the roads.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

Governmental Activities

If you look at the Statement of Activities for each year on pages 10 and 20, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for capital outlay and public works. These disbursements account for 30 and 31 percent, respectively, for 2007 and 30 and 37 percent, respectively, for 2006, of all governmental disbursements. Public safety accounted for 25% of all 2007 disbursements and 20% of 2006 disbursements. General government also represents a significant cost of about 14 and 13 percent for 2007 and 2006, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. 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
General Government	\$85,019	\$81,431	\$96,240	\$92,927
Public Safety	145,391	145,391	142,643	142,643
Public Works	180,101	54,419	267,494	167,559
Capital Outlay	179,595	179,595	212,454	157,734
Total Disbursements	\$590,106	\$460,836	\$718,831	\$560,863

The dependence upon property taxes and grants and entitlements are apparent as over 78 percent, for both 2007 and 2006, of governmental activities are supported through these general receipts.

The Township's Funds

Total Governmental funds had receipts of \$703,717 and disbursements of \$590,106 during 2007 and receipts of \$756,041 and disbursements of \$718,831 during 2006. The fund balance of the General Fund increased \$64,333 during 2007, due to decreased costs for capital outlay. For 2006, the fund balance decreased as the result of increased costs for capital outlay.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007, final disbursements were budgeted at \$404,855 while actual disbursements were \$85,212. The result is an increase in fund balance of \$64,333 for 2007 from 2006. During 2006, final disbursements were budgeted at \$436,352 while actual disbursements were \$217,668. The result was a decrease in fund balance of \$47,389 for 2006. The Township kept spending within budgeted amounts as demonstrated by the reported variances.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure. The Township listed the new equipment purchased in 2007 and 2006 in the Township Highlights on page 3.

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 grants. The Township is working on maintaining the roads with reduced funds and increasing repair costs. =

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 The St. Marys Township Office, Ronald L. Sudman, Fiscal Officer, 10307 Schroeder Road, St. Marys, Ohio 45885.

ST MARYS TOWNSHIP
AUGLAIZE COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,219,579
Total Assets	<u>1,219,579</u>
Net Assets	
Restricted for:	
Other Purposes	886,036
Unrestricted	333,543
Total Net Assets	<u>\$1,219,579</u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

	General	Gasoline Tax	Road and Bridge	Police District	Fire District	Special Levy Fire II	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$333,542	\$204,364	\$420,014	\$34,339	\$69,373	\$43,420	\$114,527	\$1,219,579
Total Assets	<u>333,542</u>	<u>204,364</u>	<u>420,014</u>	<u>34,339</u>	<u>69,373</u>	<u>43,420</u>	<u>114,527</u>	<u>1,219,579</u>
Fund Balances								
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	333,542							333,542
Special Revenue Funds		204,364	420,014	34,339	69,373	43,420	114,527	886,037
Total Fund Balances	<u>\$333,542</u>	<u>\$204,364</u>	<u>\$420,014</u>	<u>\$34,339</u>	<u>\$69,373</u>	<u>\$43,420</u>	<u>\$114,527</u>	<u>\$1,219,579</u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

	General	Gasoline Tax	Road and Bridge	Police District	Fire District	Special Levy Fire II	Other Governmental Funds	Total
Receipts								
Property and Other Local Taxes	\$15,188		\$158,737	\$89,750	\$68,251	\$42,576		\$374,502
Licenses, Permits and Fees	3,588							3,588
Intergovernmental	90,025	\$101,630	19,971	11,106	8,433	5,193	\$24,052	260,410
Special Assessments							8,707	8,707
Earnings on Investments	40,079	6,486					4,109	50,674
Miscellaneous	556		206		553	2,400		3,715
Total Receipts	<u>149,436</u>	<u>108,116</u>	<u>178,914</u>	<u>100,856</u>	<u>77,237</u>	<u>50,169</u>	<u>36,868</u>	<u>701,596</u>
Disbursements								
Current:								
General Government	85,019							85,019
Public Safety				75,281	65,884	4,226		145,391
Public Works		34,138	129,596				16,367	180,101
Capital Outlay	193			25,998	7,653	131,721	14,030	179,595
Total Disbursements	<u>85,212</u>	<u>34,138</u>	<u>129,596</u>	<u>101,279</u>	<u>73,537</u>	<u>135,947</u>	<u>30,397</u>	<u>590,106</u>
Excess of Receipts Over (Under) Disbursements	64,224	73,978	49,318	(423)	3,700	(85,778)	6,471	111,490
Other Financing Sources								
Other Financing Sources	<u>109</u>		<u>1,995</u>		<u>17</u>			<u>2,121</u>
Net Change in Fund Balances	64,333	73,978	51,313	(423)	3,717	(85,778)	6,471	113,611
Fund Balances Beginning of Year	<u>269,209</u>	<u>130,386</u>	<u>368,701</u>	<u>34,762</u>	<u>65,656</u>	<u>129,198</u>	<u>108,056</u>	<u>1,105,968</u>
Fund Balances End of Year	<u><u>\$333,542</u></u>	<u><u>\$204,364</u></u>	<u><u>\$420,014</u></u>	<u><u>\$34,339</u></u>	<u><u>\$69,373</u></u>	<u><u>\$43,420</u></u>	<u><u>\$114,527</u></u>	<u><u>\$1,219,579</u></u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE 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	\$14,526	\$14,526	\$15,188	\$662
Licenses, Permits and Fees	5,150	5,150	3,588	(1,562)
Intergovernmental	105,470	105,470	90,025	(15,445)
Earnings on Investments	9,000	9,000	40,079	31,079
Miscellaneous	650	650	556	(94)
Total receipts	<u>134,796</u>	<u>134,796</u>	<u>149,436</u>	<u>14,640</u>
Disbursements				
Current:				
General Government	178,225	178,225	85,019	93,206
Public Safety	9,000	9,000		9,000
Health	500	500		500
Capital Outlay	<u>192,130</u>	<u>192,130</u>	<u>193</u>	<u>191,937</u>
Total Disbursements	<u>379,855</u>	<u>379,855</u>	<u>85,212</u>	<u>294,643</u>
Excess of Receipts Over (Under) Disbursements	(245,059)	(245,059)	64,224	309,283
Other Financing Sources (Uses)				
Other Financing Sources	850	850	109	(741)
Other Financing Uses	<u>(25,000)</u>	<u>(25,000)</u>		<u>25,000</u>
Total Other Financing Sources (Uses)	<u>(24,150)</u>	<u>(24,150)</u>	<u>109</u>	<u>24,259</u>
Net Change in Fund Balance	(269,209)	(269,209)	64,333	333,542
Cash Balance Beginning of Year	269,209	269,209	269,209	
Cash Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$333,542</u>	<u>\$333,542</u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE 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	\$80,341	\$80,341	\$101,630	\$21,289
Earnings on Investments	2,000	2,000	6,486	4,486
Miscellaneous	2	2		(2)
Total receipts	<u>82,343</u>	<u>82,343</u>	<u>108,116</u>	<u>25,773</u>
Disbursements				
Current:				
Public Works	152,257	152,257	34,138	118,119
Capital Outlay	60,472	60,472		60,472
Total Disbursements	<u>212,729</u>	<u>212,729</u>	<u>34,138</u>	<u>178,591</u>
Net Change in Fund Balance	(130,386)	(130,386)	73,978	204,364
Cash Balance Beginning of Year	130,386	130,386	130,386	
Cash Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$204,364</u>	<u>\$204,364</u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE 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>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$153,325	\$153,325	\$158,737	\$5,412
Intergovernmental	21,733	21,733	19,971	(1,762)
Special Assessments	1	1		(1)
Miscellaneous	1	1	206	205
Total receipts	<u>175,060</u>	<u>175,060</u>	<u>178,914</u>	<u>3,854</u>
Disbursements				
Current:				
Public Works	429,157	429,157	129,596	299,561
Capital Outlay	114,605	114,605		114,605
Total Disbursements	<u>543,762</u>	<u>543,762</u>	<u>129,596</u>	<u>414,166</u>
Excess of Receipts Over (Under) Disbursements	(368,702)	(368,702)	49,318	418,020
Other Financing Sources (Uses)				
Other Financing Sources	<u>1</u>	<u>1</u>	<u>1,995</u>	<u>1,994</u>
Net Change in Fund Balance	(368,701)	(368,701)	51,313	420,014
Cash Balance Beginning of Year	368,701	368,701	368,701	
Cash Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$420,014</u></u>	<u><u>\$420,014</u></u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
POLICE DISTRICT 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	\$91,454	\$91,454	\$89,750	(\$1,704)
Intergovernmental	3,661	3,661	11,106	7,445
Miscellaneous	3,500	3,500		(3,500)
Total receipts	<u>98,615</u>	<u>98,615</u>	<u>100,856</u>	<u>2,241</u>
Disbursements				
Current:				
Public Safety	106,377	106,377	75,281	31,096
Capital Outlay	27,000	27,000	25,998	1,002
Total Disbursements	<u>133,377</u>	<u>133,377</u>	<u>101,279</u>	<u>32,098</u>
Net Change in Fund Balance	(34,762)	(34,762)	(423)	34,339
Cash Balance Beginning of Year	34,762	34,762	34,762	
Cash Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$34,339</u></u>	<u><u>\$34,339</u></u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE 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>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$71,300	\$71,300	\$68,251	(\$3,049)
Intergovernmental	9,701	9,701	8,433	(1,268)
Miscellaneous	300	300	553	253
Total receipts	<u>81,301</u>	<u>81,301</u>	<u>77,237</u>	<u>(4,064)</u>
Disbursements				
Current:				
Public Safety	114,350	114,350	65,884	48,466
Capital Outlay	32,680	32,680	7,653	25,027
Total Disbursements	<u>147,030</u>	<u>147,030</u>	<u>73,537</u>	<u>73,493</u>
Excess of Receipts Over (Under) Disbursements	(65,729)	(65,729)	3,700	69,429
Other Financing Sources (Uses)				
Other Financing Sources	<u>73</u>	<u>73</u>	<u>17</u>	<u>(56)</u>
Net Change in Fund Balance	(65,656)	(65,656)	3,717	69,373
Cash Balance Beginning of Year	65,656	65,656	65,656	
Cash Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$69,373</u></u>	<u><u>\$69,373</u></u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
SPECIAL LEVY - FIRE II
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	\$41,700	\$41,700	\$42,576	\$876
Intergovernmental	4,691	4,691	5,193	502
Miscellaneous			2,400	2,400
Total receipts	<u>46,391</u>	<u>46,391</u>	<u>50,169</u>	<u>3,778</u>
Disbursements				
Current:				
Public Safety	25,500	25,500	4,226	21,274
Capital Outlay	150,089	150,089	131,721	18,368
Total Disbursements	<u>175,589</u>	<u>175,589</u>	<u>135,947</u>	<u>39,642</u>
Net Change in Fund Balance	(129,198)	(129,198)	(85,778)	43,420
Cash Balance Beginning of Year	129,198	129,198	129,198	
Cash Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$43,420</u>	<u>\$43,420</u>

See accompanying notes to the basic financial statements.

ST. MARYS TOWNSHIP
AUGLAIZE COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$1,105,968
Total Assets	<u>1,105,968</u>
Net Assets	
Restricted for:	
Other Purposes	836,759
Unrestricted	<u>269,209</u>
Total Net Assets	<u>\$1,105,968</u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

	<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>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
General Government	\$96,240	\$3,313			(\$92,927)
Public Safety	142,643				(142,643)
Public Works	267,494		\$99,935		(167,559)
Capital Outlay	212,454			\$54,720	(157,734)
Total Governmental Activities	<u>\$718,831</u>	<u>\$3,313</u>	<u>\$99,935</u>	<u>\$54,720</u>	<u>(560,863)</u>
General Receipts					
Property Taxes					355,432
Special Assessments					8,604
Grants and Entitlements not Restricted to Specific Programs					176,033
Earnings on Investments					45,815
Miscellaneous					<u>12,189</u>
Total General Receipts					598,073
Change in Net Assets					37,210
Net Assets Beginning of Year					<u>1,068,758</u>
Net Assets End of Year					<u>\$1,105,968</u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Special Levy Fire II</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets								
Cash	\$269,209	\$130,386	\$368,701	\$34,762	\$65,656	\$129,198	\$108,056	\$1,105,968
Total Assets	<u>269,209</u>	<u>130,386</u>	<u>368,701</u>	<u>34,762</u>	<u>65,656</u>	<u>129,198</u>	<u>108,056</u>	<u>1,105,968</u>
Fund Balances								
Unreserved:								
Undesignated (Deficit), Reported in:								
General Fund	269,209							269,209
Special Revenue Funds		130,386	368,701	34,762	65,656	129,198	108,056	836,759
Total Fund Balances	<u>\$269,209</u>	<u>\$130,386</u>	<u>\$368,701</u>	<u>\$34,762</u>	<u>\$65,656</u>	<u>\$129,198</u>	<u>\$108,056</u>	<u>\$1,105,968</u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Police District</u>	<u>Fire District</u>	<u>Special Levy Fire II</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts								
Property and Other Local Taxes	\$576		\$157,592	\$88,540	\$66,754	\$41,970		\$355,432
Licenses, Permits and Fees	3,313							3,313
Intergovernmental	127,572	\$78,846	20,977	11,805	10,520	5,160	\$75,808	330,688
Special Assessments							8,604	8,604
Earnings on Investments	38,130	4,372					3,313	45,815
Miscellaneous	663	484			2,664			3,811
Total Receipts	<u>170,254</u>	<u>83,702</u>	<u>178,569</u>	<u>100,345</u>	<u>79,938</u>	<u>47,130</u>	<u>87,725</u>	<u>747,663</u>
Disbursements								
Current:								
General Government	96,240							96,240
Public Safety	1,877			73,825	61,492	5,450		142,644
Public Works		65,109	185,252				17,132	267,493
Capital Outlay	119,551	21,770	6,454	1,509	8,450		54,720	212,454
Total Disbursements	<u>217,668</u>	<u>86,879</u>	<u>191,706</u>	<u>75,334</u>	<u>69,942</u>	<u>5,450</u>	<u>71,852</u>	<u>718,831</u>
Excess of Receipts Over (Under) Disbursements	(47,414)	(3,177)	(13,137)	25,011	9,996	41,680	15,873	28,832
Other Financing Sources								
Other Financing Sources	<u>25</u>		<u>4,447</u>		<u>3,906</u>			<u>8,378</u>
Net Change in Fund Balances	(47,389)	(3,177)	(8,690)	25,011	13,902	41,680	15,873	37,210
Fund Balances Beginning of Year	<u>316,598</u>	<u>133,563</u>	<u>377,391</u>	<u>9,751</u>	<u>51,754</u>	<u>87,518</u>	<u>92,183</u>	<u>1,068,758</u>
Fund Balances End of Year	<u>\$269,209</u>	<u>\$130,386</u>	<u>\$368,701</u>	<u>\$34,762</u>	<u>\$65,656</u>	<u>\$129,198</u>	<u>\$108,056</u>	<u>\$1,105,968</u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE 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>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$13,900	\$13,900	\$576	(\$13,324)
Licenses, Permits and Fees	5,000	5,000	3,313	(1,687)
Intergovernmental	89,800	89,254	127,572	38,318
Earnings on Investments	11,000	11,000	38,130	27,130
Miscellaneous	580	580	663	83
Total receipts	<u>120,280</u>	<u>119,734</u>	<u>170,254</u>	<u>50,520</u>
Disbursements				
Current:				
General Government	173,565	173,565	96,240	77,325
Public Safety	8,000	8,000	1,877	6,123
Health	500	500		500
Capital Outlay	238,287	238,287	119,551	118,736
Total Disbursements	<u>420,352</u>	<u>420,352</u>	<u>217,668</u>	<u>202,684</u>
Excess of Receipts Over (Under) Disbursements	<u>(300,072)</u>	<u>(300,618)</u>	<u>(47,414)</u>	<u>253,204</u>
Other Financing Sources (Uses)				
Other Financing Sources	20	20	25	5
Other Financing Uses	<u>(16,000)</u>	<u>(16,000)</u>		<u>16,000</u>
Total Other Financing Sources (Uses)	<u>(15,980)</u>	<u>(15,980)</u>	<u>25</u>	<u>16,005</u>
Net Change in Fund Balance	(316,052)	(316,598)	(47,389)	269,209
Fund Balance Beginning of Year	<u>316,598</u>	<u>316,598</u>	<u>316,598</u>	
Fund Balance End of Year	<u>\$546</u>	<u>\$0</u>	<u>\$269,209</u>	<u>\$269,209</u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$68,420	\$68,420	\$78,846	\$10,426
Earnings on Investments	1,094	1,094	4,372	3,278
Miscellaneous	3	3	484	481
Total receipts	<u>69,517</u>	<u>69,517</u>	<u>83,702</u>	<u>14,185</u>
Disbursements				
Current:				
Public Works	150,620	150,620	65,109	85,511
Capital Outlay	47,220	47,220	21,770	25,450
Total Disbursements	<u>197,840</u>	<u>197,840</u>	<u>86,879</u>	<u>110,961</u>
Net Change in Fund Balance	(128,323)	(128,323)	(3,177)	125,146
Fund Balance Beginning of Year	<u>133,563</u>	<u>133,563</u>	<u>133,563</u>	
Fund Balance End of Year	<u><u>\$5,240</u></u>	<u><u>\$5,240</u></u>	<u><u>\$130,386</u></u>	<u><u>\$125,146</u></u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE 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, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$139,664	\$139,664	\$157,592	\$17,928
Intergovernmental	27,000	27,000	20,977	(6,023)
Special Assessments	1	1		(1)
Miscellaneous	500	500		(500)
Total receipts	<u>167,165</u>	<u>167,165</u>	<u>178,569</u>	<u>11,404</u>
Disbursements				
Current:				
Public Works	392,804	392,804	185,252	207,552
Capital Outlay	158,138	158,138	6,454	151,684
Total Disbursements	<u>550,942</u>	<u>550,942</u>	<u>191,706</u>	<u>359,236</u>
Excess of Receipts Over (Under) Disbursements	(383,777)	(383,777)	(13,137)	370,640
Other Financing Sources (Uses)				
Other Financing Sources	<u>6,386</u>	<u>6,386</u>	<u>4,447</u>	<u>(1,939)</u>
Net Change in Fund Balance	(377,391)	(377,391)	(8,690)	368,701
Fund Balance Beginning of Year	<u>377,391</u>	<u>377,391</u>	<u>377,391</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$368,701</u></u>	<u><u>\$368,701</u></u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$89,167	\$89,167	\$88,540	(\$627)
Intergovernmental	7,799	7,799	11,805	4,006
Miscellaneous	1	1		(1)
Total receipts	<u>96,967</u>	<u>96,967</u>	<u>100,345</u>	<u>3,378</u>
Disbursements				
Current:				
Public Safety	91,500	91,500	73,825	17,675
Capital Outlay	15,218	15,218	1,509	13,709
Total Disbursements	<u>106,718</u>	<u>106,718</u>	<u>75,334</u>	<u>31,384</u>
Net Change in Fund Balance	(9,751)	(9,751)	25,011	34,762
Fund Balance Beginning of Year	<u>9,751</u>	<u>9,751</u>	<u>9,751</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$34,762</u></u>	<u><u>\$34,762</u></u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE 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>	
Receipts				
Property and Other Local Taxes	\$60,985	\$60,985	\$66,754	\$5,769
Intergovernmental	11,262	11,262	10,520	(742)
Miscellaneous	1,000	1,000	2,664	1,664
Total receipts	<u>73,247</u>	<u>73,247</u>	<u>79,938</u>	<u>6,691</u>
Disbursements				
Current:				
Public Safety	101,850	101,850	61,492	40,358
Capital Outlay	23,152	23,152	8,450	14,702
Total Disbursements	<u>125,002</u>	<u>125,002</u>	<u>69,942</u>	<u>55,060</u>
Excess of Receipts Over (Under) Disbursements	(51,755)	(51,755)	9,996	61,751
Other Financing Sources (Uses)				
Other Financing Sources	<u>1</u>	<u>1</u>	<u>3,906</u>	<u>3,905</u>
Net Change in Fund Balance	(51,754)	(51,754)	13,902	65,656
Fund Balance Beginning of Year	<u>51,754</u>	<u>51,754</u>	<u>51,754</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$65,656</u></u>	<u><u>\$65,656</u></u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$39,141	\$39,141	\$41,970	\$2,829
Intergovernmental	7,498	7,498	5,160	(2,338)
Miscellaneous	2	2		(2)
Total receipts	<u>46,641</u>	<u>46,641</u>	<u>47,130</u>	<u>489</u>
Disbursements				
Current:				
Public Safety	25,500	25,500	5,450	20,050
Capital Outlay	<u>108,659</u>	<u>108,659</u>		<u>108,659</u>
Total Disbursements	<u>134,159</u>	<u>134,159</u>	<u>5,450</u>	<u>128,709</u>
Net Change in Fund Balance	(87,518)	(87,518)	41,680	129,198
Fund Balance Beginning of Year	<u>87,518</u>	<u>87,518</u>	<u>87,518</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$129,198</u></u>	<u><u>\$129,198</u></u>

See accompanying notes to the basic financial statements.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

1. REPORTING ENTITY

The St. Marys Township, Auglaize County, the Township), established in 1824, 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 Township 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, boards and agencies that are not legally separate from the Township. The Township provides general Township services, maintenance of Township roads and bridges, and fire protection. The Township contracts with the City of St. Marys for ambulance services. Police protection is provided by the Auglaize County Sheriff's Department, with additional police protection by the Township's own Deputy that is contracted through the 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 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.

**ST. MARYS TOWNSHIP
AUGLAIZE 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 grants, or other non-exchange transactions. The statement of net assets presents the cash balance and investment 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 be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

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 grouped into the governmental category.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Road and Bridge Fund, Gasoline Tax Fund, Police District Fund, Fire District Fund, and Special Levy/Fire II Fund.

General 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.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Gasoline Tax Fund - The Gasoline Tax Fund receives gasoline tax money for constructing, maintaining, and repairing of Township's road and bridges.

Police District Fund - The Police District fund receives property tax money to maintain a police protection service for the Township.

Fire District Fund - The Fire District Fund receives property tax money to maintain a fire protection service for the Township.

Special Levy/Fire II Fund - The Special Levy/Fire II Fund is for the purpose of purchasing new fire fighting equipment and maintaining existing fire apparatuses and appliances.

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. 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.

**ST. MARYS TOWNSHIP
AUGLAIZE 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 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".

During 2006 and 2007, the Township invested with STAR Ohio an investment pool, managed by the State Treasurer's Office, which allows Townships within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007 and 2006.

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 and 2006 were \$40,079 and \$38,130, respectively.

F. Restricted Assets

Cash and cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets for other purposes represent the amounts reported in the special revenue funds that are restricted as to use.

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.

**ST. MARYS TOWNSHIP
AUGLAIZE 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 tax monies for police and fire protection and road and bridge maintenance, motor vehicle motor license fund money, and gasoline tax money.

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

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;

**ST. MARYS TOWNSHIP
AUGLAIZE 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 \$98,820 and \$121,275, respectively, and the bank balances were \$139,570 and \$153,848, 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, 2007 and 2006, \$39,570 and \$53,848 of the Township's bank balances were 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.

B. Investments

As of December 31, 2007 and 2006, the Township had \$1,120,759 and \$984,693 invested with Star Ohio.

The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio carried a rating of AAA by Standard and Poor's. Investments in STAR Ohio are not evidenced by securities that exist in book-entry form.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

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 and 2006 represent the collection of 2006 and 2005 taxes, respectively. Real property taxes received in 2007 and 2006 were levied after October 1, 2006 and 2005, respectively, on the assessed values as of January 1, 2006 and 2005, respectively, the lien dates. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes, respectively. Public utility real and tangible personal property taxes received in 2007 and 2006 became a lien on December 31, 2006 and 2005, respectively, were levied after October 1, 2006 and 2005, respectively, 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.

2007 and 2006 tangible property taxes were levied after October 1, 2006 and 2005, respectively, on the values as of December 31, 2006 and 2005. Collections are made in the current year. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 and 2006 was 12.5 and 18.75 percent, respectively. 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, 2006 and 2007, was \$7.20 and \$7.12, respectively per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2007 property tax receipts were based are as follows:

	<u>2007</u>	<u>2006</u>
Real Property		
Residential/Agriculture	\$62,531,360	\$60,733,560
Other	4,157,530	5,540,860
Public Utility Property		
Real	20,590	20,930
Personal	4,427,840	4,119,630
Tangible Personal Property	647,133	997,272
Total Assessed Value	<u>\$71,784,453</u>	<u>\$71,412,252</u>

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

5. RISK MANAGEMENT

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

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

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

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.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

5. RISK MANAGEMENT (Continued)

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:

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

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$18,145. 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.

Year	Contribution
2007	\$19,303
2006	\$21,969
2005	\$20,694

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.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

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.

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 13.77 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 postemployment 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 postemployment 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 \$7,283 \$7,812, and \$7,001, respectively. The full amount has been contributed for 2007, 2006 and 2005.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

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.

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. For 2007 and 2006, local government employers contributed 13.85 and 13.77percent, respectively, of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment 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 postemployment healthcare plan.

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 postemployment healthcare benefits for the years ended December 31, 2007, 2006 and 2005 were \$4,797, \$3,821, and \$2,932 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.

**ST. MARYS TOWNSHIP
AUGLAIZE COUNTY**

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

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.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY TOWNSHIP AUDITING STANDARDS

St. Marys Township
Auglaize County
10307 Schroeder Road
St. Marys Ohio 45885

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 St. Marys Township, Auglaize County, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 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 permits the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

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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 or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated August 25, 2008.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 25, 2008

ST. MARYS TOWNSHIP
AUGLAIZE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315
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>
2004-001	ORC 5705.10 – Gas Tax monies were recorded in the Motor Vehicle License Tax Fund	Yes	



Mary Taylor, CPA
Auditor of State

ST. MARYS TOWNSHIP

AUGLAIZE 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**