

NEAVE TOWNSHIP

DAYTON REGION, DARKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Neave Township
3023 Ridge Drive
Greenville, Ohio 45331

We have reviewed the *Report of Independent Auditors'* of Neave Township, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Auditors'* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Auditors'* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Neave Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 26, 2006

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**NEAVE TOWNSHIP
DARKE COUNTY**

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Manning & Associates CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

REPORT OF INDEPENDENT AUDITORS'

Board of Trustees
Neave Township
3880 St. Rt. 121
Greenville, Ohio 45331

We have audited the accompanying financial statements of Neave Township, Darke County, (the Township), as of and for the years ended December 31, 2005 and 2004. 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. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Neave Township, Darke County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 20, 2006, 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 grants 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 20, 2006

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**NEAVE TOWNSHIP
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

| | GOVERNMENTAL FUND TYPES | | | Total (Memorandum Only) |
|---|--------------------------------|----------------------------|----------------------------|--|
| | General | Special Revenue | Capital Project | |
| Cash Receipts: | | | | |
| Taxes | \$ 67,333 | \$ 67,702 | \$ 0 | \$ 135,035 |
| Charges for Services | 5,040 | 0 | 0 | 5,040 |
| Licenses, Permits and Fees | 0 | 8,577 | 0 | 8,577 |
| Intergovernmental Receipts | 58,381 | 89,377 | 0 | 147,758 |
| Special Assessments | 0 | 6,409 | 0 | 6,409 |
| Interest | 1,852 | 1,231 | 0 | 3,083 |
| All Other Receipts | 1,112 | 4,157 | 0 | 5,269 |
| Total Cash Receipts | <u>133,718</u> | <u>177,453</u> | <u>0</u> | <u>311,171</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 58,211 | 2,194 | 0 | 60,405 |
| Public Safety | 0 | 49,413 | 0 | 49,413 |
| Public Works | 26,020 | 64,400 | 0 | 90,420 |
| Health | 9,195 | 14,413 | 0 | 23,608 |
| Capital Outlay | 0 | 1,142 | 0 | 1,142 |
| Total Cash Disbursements | <u>93,426</u> | <u>131,562</u> | <u>0</u> | <u>224,988</u> |
| Total Receipts Over/(Under) Disbursements | <u>40,292</u> | <u>45,891</u> | <u>0</u> | <u>86,183</u> |
| Other Financing Receipts/(Disbursements) | | | | |
| Transfer In | 0 | 0 | 0 | 0 |
| Transfer Out | (22) | 0 | 0 | (22) |
| Total Other Financing Receipts/(Disbursements) | <u>(22)</u> | <u>0</u> | <u>0</u> | <u>(22)</u> |
| Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements and Other Financing Disbursements | <u>40,270</u> | <u>45,891</u> | <u>0</u> | <u>86,161</u> |
| Fund Cash Balances, January 1, 2005 | <u>233,445</u> | <u>213,629</u> | <u>13,708</u> | <u>460,782</u> |
| Fund Cash Balances, December 31, 2005 | <u>\$ 273,715</u> | <u>\$ 259,520</u> | <u>\$ 13,708</u> | <u>\$ 546,943</u> |

The Notes to the Financial Statements are an integral part of this statement.

**NEAVE TOWNSHIP
DARKE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

| | <u>Non-Expendable Trust</u> |
|--|---------------------------------|
| Operating Cash Receipts: | |
| Interest | \$ 4 |
| Operating Cash Disbursements: | |
| Supplies and Materials | <u>26</u> |
| Income/(Loss) before Interfund Transfers and Advances | (22) |
| Transfer In | 22 |
| Other Financing Receipts/(Disbursements) | |
| And Other Financing Disbursements | 1 |
| Fund Cash Balance, January 1, 2005 | <u>750</u> |
| Fund Cash Balance, December 31, 2005 | <u><u>\$ 751</u></u> |

The Notes to the Financial Statements are an integral part of this statement.

**NEAVE TOWNSHIP
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

| | GOVERNMENTAL FUND TYPES | | | Total (Memorandum Only) |
|---|-------------------------|--------------------|--------------------|-------------------------------|
| | General | Special Revenue | Capital Project | |
| Cash Receipts: | | | | |
| Taxes | \$ 66,840 | \$ 69,358 | 0 | \$ 136,198 |
| Charges for Services | 5,425 | 0 | 0 | 5,425 |
| Licenses, Permits and Fees | 0 | 7,973 | 0 | 7,973 |
| Intergovernmental Receipts | 78,112 | 75,974 | 0 | 154,086 |
| Special Assessments | 0 | 4,556 | 0 | 4,556 |
| Interest | 1,937 | 950 | 0 | 2,887 |
| All Other Receipts | 211 | 4,850 | 0 | 5,061 |
| Total Cash Receipts | <u>152,525</u> | <u>163,661</u> | <u>0</u> | <u>316,186</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 56,453 | 2,074 | 0 | 58,527 |
| Public Safety | 0 | 49,180 | 0 | 49,180 |
| Public Works | 23,992 | 99,144 | 0 | 123,136 |
| Health | 9,132 | 12,071 | 0 | 21,203 |
| Capital Outlay | 1,012 | 1,216 | 0 | 2,228 |
| Total Cash Disbursements | <u>90,589</u> | <u>163,685</u> | <u>0</u> | <u>254,274</u> |
| Total Receipts Over/(Under) Disbursements | <u>61,936</u> | <u>(24)</u> | <u>0</u> | <u>61,912</u> |
| Other Financing Receipts/(Disbursements) | | | | |
| Transfer In | | 500 | 0 | 500 |
| Transfer Out | (500) | | 0 | (500) |
| Total Other Financing Receipts/(Disbursements) | <u>(500)</u> | <u>500</u> | <u>0</u> | <u>0</u> |
| Fund Cash Balances, January 1, 2004 | <u>172,009</u> | <u>213,153</u> | <u>13,708</u> | <u>398,870</u> |
| Fund Cash Balances, December 31, 2004 | <u>\$ 233,445</u> | <u>\$ 213,629</u> | <u>13,708</u> | <u>\$ 460,782</u> |

The Notes to the Financial Statements are an integral part of this statement.

**NEAVE TOWNSHIP
DARKE COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCE - NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

| | <u>Non-Expendable Trust</u> |
|---|---------------------------------|
| Operating Cash Receipts: | |
| Interest | \$ 3 |
| Operating Cash Disbursements: | |
| Supplies and Materials | <u>17</u> |
| Operating Income | (14) |
| Fund Cash Balance, January 1, 2004 | <u>764</u> |
| Fund Cash Balance, December 31, 2004 | <u>\$ <u>750</u></u> |

The Notes to the Financial Statements are an integral part of this statement.

**NEAVE TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Neave Township of Darke 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 provides general governmental services, including road maintenance and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

All Township funds are held in an interest bearing checking account and certificates of deposit.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds:

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund – This fund receives gasoline tax and motor vehicle license tax money for construction, maintaining and repairing Township roads.

Gasoline Tax Fund – This fund receives gasoline money for constructing, maintaining and repairing Township roads.

**NEAVE TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds: (Continued)

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining and repairing Township roads.

Fire District Fund – This fund receives funding through levies and provides fire protection services for the Township

Permissive Motor Vehicle Tax Fund – This fund receives funding through tax money for construction, maintaining and repairing Township roads.

Cemetery Fund – This fund receives the proceeds from the Cemetery operations.

Zoning Fund – This fund receives the proceeds from zoning permits.

Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Funds:

Permanent Improvement Fund - This fund was established for the construction of major capital projects.

Fiduciary Funds:

Non-Expendable Trust Fund – Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Township's fiduciary fund is a nonexpendable trust fund. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

**NEAVE TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINACIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus the cash balance as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

Encumbrances outstanding at year-end are cancelled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

| | | |
|--------------------------------|------------------|------------------|
| | <u>2005</u> | <u>2004</u> |
| Demand Deposits | \$384,925 | \$361,930 |
| Certificate of Deposits | <u>162,769</u> | <u>99,602</u> |
| Total Deposits and Investments | <u>\$547,694</u> | <u>\$461,532</u> |

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**NEAVE TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005, and 2004 was as follows:

2005 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|----------------------|------------------------------|----------------------------|------------------|
| General | \$122,634 | \$133,718 | \$ 11,084 |
| Special Revenue | 175,285 | 177,453 | 2,168 |
| Capital Projects | 0 | 0 | 0 |
| Non-Expendable Trust | <u>58</u> | <u>26</u> | <u>(32)</u> |
| Total | <u>\$297,977</u> | <u>\$311,197</u> | <u>\$ 13,220</u> |

2005 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|----------------------|------------------------------------|-----------------------------------|------------------|
| General | \$202,100 | \$ 93,448 | \$108,652 |
| Special Revenue | 256,165 | 131,562 | 124,603 |
| Capital Projects | 4,800 | 0 | 4,800 |
| Non-Expendable Trust | <u>60</u> | <u>26</u> | <u>34</u> |
| Total | <u>\$463,125</u> | <u>\$ 225,036</u> | <u>\$238,089</u> |

2004 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|----------------------|------------------------------|----------------------------|------------------|
| General | \$122,864 | \$152,525 | \$ 29,661 |
| Special Revenue | 173,475 | 164,161 | (9,314) |
| Capital Projects | 0 | 0 | 0 |
| Non-Expendable Trust | <u>62</u> | <u>3</u> | <u>(59)</u> |
| Total | <u>\$296,401</u> | <u>\$316,689</u> | <u>\$ 20,288</u> |

2004 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|----------------------|------------------------------------|-----------------------------------|-------------------|
| General | \$154,200 | \$ 91,089 | \$ 63,111 |
| Special Revenue | 243,330 | 163,685 | 79,645 |
| Capital Projects | 4,800 | 0 | 4,800 |
| Non-Expendable Trust | <u>60</u> | <u>17</u> | <u>43</u> |
| Total | <u>\$402,390</u> | <u>\$254,791</u> | <u>\$ 147,599</u> |

**NEAVE TOWNSHIP
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are

also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, members of OPERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2005 and 2004.

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

| | | |
|----------------------------|-------------|----------------|
| Legal Liability | \$2,000,000 | Per Occurrence |
| Automobile Liability | 2,000,000 | Per Occurrence |
| Law Enforcement Operations | N/A | Per Occurrence |
| Wrongful Acts | 2,000,000 | Per Occurrence |
| Property | 250,000 | Total Coverage |
| Boiler and Machinery | N/A | Limit |

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

**NEAVE TOWNSHIP
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

6. RISK MANAGEMENT (Continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation. If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

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, 2004 and 2003 (the latest information available):

| <u>Casualty Coverage</u> | <u>2004</u> | <u>2003</u> |
|--------------------------|---------------------|---------------------|
| Assets | \$30,687,203 | \$27,792,223 |
| Liabilities | <u>(13,640,962)</u> | <u>(11,791,300)</u> |
| Retained Earnings | <u>\$17,046,241</u> | <u>\$16,000,923</u> |
| | | |
| <u>Property Coverage</u> | <u>2004</u> | <u>2003</u> |
| Assets | \$7,799,073 | \$6,791,060 |
| Liabilities | <u>(753,906)</u> | <u>(750,956)</u> |
| Retained Earnings | <u>\$7,045,167</u> | <u>\$6,040,104</u> |

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**Manning & Associates CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414**

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

Board of Trustees
Neave Township
3880 St. Rt. 121
Greenville, Ohio 45331

We have audited the financial statements of the Neave Township, Darke County (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 20, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. In a separate letter to the Township's management dated June 20, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 grants 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated June 20, 2006, we reported other matters related to noncompliance we deemed immaterial

This report is intended for the information and use of the audit committee, management, the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 20, 2006



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

NEAVE TOWNSHIP

DARKE 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
AUGUST 8, 2006**