



**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2006



Mary Taylor, CPA
Auditor of State

AMANDA TOWNSHIP
FAIRFIELD COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Amanda Township
Fairfield County
8000 Cincinnati-Zanesville Road
Amanda, Ohio 43102

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

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

As discussed in Note 2, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Amanda Township, Fairfield County, Ohio, as of December 31, 2006, and the respective changes in modified cash financial position, and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Fire District, and EMS funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2007, 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 accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 30, 2007

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

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

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

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$101,458, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents were the Gasoline Fund, which increased \$53,243 and the Road & Bridge Fund which increased \$34,256. The General Fund decreased \$50,979.

The Township's general receipts are taxes, intergovernmental, interest, and miscellaneous. These receipts represent respectively 34.9 percent of the total cash received for governmental activities during the year.

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 modified cash basis of accounting.

Report Components

The *Statement of Net Assets* and the *Statement of Activities* provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

Basis of Accounting

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

As a result of using the modified 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 modified cash basis of accounting.

AMANDA TOWNSHIP
FAIRFIELD COUNTY

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

Reporting the Township as a Whole

The *Statement of Net Assets* and the *Statement of Activities* reflect how the Township did financially during 2006, within the limitations of modified cash basis accounting. The *Statement of Net Assets* presents the cash balances and investments of the Township at year end. The *Statement of Activities* compares cash disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

The *Statement of Net Assets* and *Statement of Activities* present governmental activities, which includes all the Township's services. The Township had no business-type activities.

Reporting the Township's Most Significant Funds

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

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

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

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

The Township as a Whole

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

(Table 1)
Net Assets

| | <u>Governmental Activities</u> | | <u>Change</u> |
|------------------------------|--------------------------------|-------------------|---------------------|
| | <u>2006</u> | <u>2005</u> | <u>2005 to 2006</u> |
| Assets | | | |
| Cash and Cash Equivalents | <u>\$ 702,937</u> | <u>\$ 601,479</u> | <u>\$ 101,458</u> |
| Total Assets | <u>702,937</u> | <u>601,479</u> | <u>101,458</u> |
| Net Assets | | | |
| Restricted for: | | | |
| Nonexpendable Permanent Fund | 1,392 | 1,367 | 25 |
| Other Purposes | 496,532 | 344,119 | 152,413 |
| Unrestricted | <u>205,013</u> | <u>255,993</u> | <u>(50,980)</u> |
| Total Net Assets | <u>\$ 702,937</u> | <u>\$ 601,479</u> | <u>\$ 101,458</u> |

As mentioned previously, net assets of governmental activities increased \$101,458 or 16.8% during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Total expenditures in governmental activities decreased by 5%

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

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

Table 2 reflects the changes in net assets in 2006 compared to changes in net assets in 2005.

(Table 2)
Changes in Net Assets

| | Governmental Activities | | Change |
|------------------------------------|-------------------------|------------|--------------|
| | 2006 | 2005 | 2005 to 2006 |
| Receipts | | | |
| Program Receipts | | | |
| Charges for Services and Sales | \$ 209,851 | \$ 219,163 | \$ (9,312) |
| Operating Grants and Contributions | 105,266 | 107,496 | (2,230) |
| Capital Grants and Contributions | 9,781 | - | 9,781 |
| Total Program Receipts | 324,898 | 326,659 | (1,761) |
| General Receipts | | | |
| Property and Other Local Taxes | 100,344 | 95,417 | 4,927 |
| Grants and Entitlements | 45,347 | 112,553 | (67,206) |
| Interest | 13,587 | 6,681 | 6,906 |
| Miscellaneous | 14,712 | 7,057 | 7,655 |
| Total General Receipts | 173,990 | 221,708 | (47,718) |
| Total Receipts | 498,888 | 548,367 | (49,479) |
| Disbursements | | | |
| General Government | 116,705 | 93,875 | 22,830 |
| Public Safety | 129,496 | 140,982 | (11,486) |
| Public Works | 137,048 | 159,975 | (22,927) |
| Health | 14,181 | 11,761 | 2,420 |
| Capital Outlay | - | 9,922 | (9,922) |
| Total Disbursements | 397,430 | 416,515 | (19,085) |
| Increase in Net Assets | 101,458 | 131,852 | (30,394) |
| Net Assets, January 1, 2006 | 601,479 | 469,627 | 131,852 |
| Net Assets, December 31, 2006 | \$ 702,937 | \$ 601,479 | \$ 101,458 |

Program receipts represent 65.1 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges to nearby governments for fire and EMS services provided under contract.

General receipts represent 34.9 percent of the Township's total receipts, and of this amount, 57.6 percent are local taxes. State grants and entitlements and interest receipts represent 33.8 percent of the Township's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, and the Fiscal Officer, Zoning Inspector, as well as all fringe benefits and insurance.

Public Safety is the costs of EMS and fire protection; Public Works is the cost of maintaining the roads.

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

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

Governmental Activities

If you look at the *Statement of Activities*, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 32.6 and 34.5 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 29.4 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

| | Total Cost Of Services 2006 | Net Cost of Services 2006 |
|--------------------|-----------------------------------|---------------------------------|
| General Government | \$116,705 | (\$106,555) |
| Public Safety | 129,496 | 49,235 |
| Public Works | 137,049 | (1,032) |
| Health | 14,181 | (14,181) |
| Total Expenses | \$397,431 | (\$72,533) |

The Township's Funds

Total governmental funds had receipts of \$498,889 and disbursements of \$397,430.

General Fund receipts were less than disbursements by \$50,979. Gasoline Tax Fund receipts were more than disbursements by \$53,243. Road and Bridge Fund receipts were more than disbursements by \$34,256. Fire District Fund receipts were more than disbursements by \$29,930. EMS Fund receipts were more than disbursements by \$22,772.

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.

During 2006, the Township amended its General Fund budget three times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was \$24,479.

Final disbursements were budgeted at \$214,452 while actual disbursements were \$159,208.

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

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

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure and has no plans to implement any capital asset inventory system.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. Local Government funds are remaining static or decreasing and the personal property tax and estate tax are being reduced and/or eliminated, reducing the capability of the General Fund to support programs. Inside millage in the Road & Bridge Fund and increases in the Gasoline Tax allow the Township to maintain a strong road maintenance program.

Contacting the Government'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 Melissa Tremblay, Fiscal Officer, Amanda Township, 8000 Cincinnati-Zanesville Road, Amanda, OH 43102.

AMANDA TOWNSHIP, FAIRFIELD COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2006

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$702,937.21</u> |
| <i>Total Assets</i> | <u><u>\$702,937.21</u></u> |
| | |
| Net Assets | |
| Restricted for: | |
| Permanent Fund: Cemetery Bequest | |
| Nonexpendable | 1,392.30 |
| Other Purposes | 496,531.66 |
| Unrestricted | 205,013.25 |
| | |
| <i>Total Net Assets</i> | <u><u>\$702,937.21</u></u> |

See accompanying notes to the basic financial statements

AMANDA TOWNSHIP, FAIRFIELD COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Assets | |
|---|-----------------------|--------------------------------------|--|---|----------------------------|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | | |
| General Government | \$116,704.87 | \$10,150.00 | \$0.00 | \$0.00 | (\$106,554.87) |
| Public Safety | 129,496.08 | 178,731.04 | 0.00 | 0.00 | 49,234.96 |
| Public Works | 137,048.50 | 20,969.57 | 105,265.77 | 9,780.97 | (1,032.19) |
| Health | 14,181.00 | 0.00 | 0.00 | 0.00 | (14,181.00) |
| <i>Total Governmental Activities</i> | <u>397,430.45</u> | <u>209,850.61</u> | <u>105,265.77</u> | <u>9,780.97</u> | <u>(72,533.10)</u> |
| General Receipts | | | | | |
| Property Taxes levied for: | | | | | |
| General Purpose | | | | | \$13,964.47 |
| Road and Bridge | | | | | 86,380.29 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 45,347.08 |
| Earnings on Investments | | | | | 13,587.12 |
| Miscellaneous | | | | | 14,712.29 |
| <i>Total General Receipts</i> | | | | | <u>173,991.25</u> |
| Change in Net Assets | | | | | 101,458.15 |
| <i>Net Assets Beginning of Year</i> | | | | | <u>601,479.06</u> |
| <i>Net Assets End of Year</i> | | | | | <u>\$702,937.21</u> |

See accompanying notes to the basic financial statements

AMANDA TOWNSHIP, FAIRFIELD COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

| | GENERAL | GASOLINE TAX | ROAD AND BRIDGE | FIRE DISTRICT | EMS | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|---------------------|-----------------------|--------------------|--------------------|--------------------------------|--------------------------------|
| Assets | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$205,013.25 | \$120,385.31 | \$133,097.35 | \$74,276.23 | \$64,430.07 | \$105,735.00 | \$702,937.21 |
| <i>Total Assets</i> | <u>\$205,013.25</u> | <u>\$120,385.31</u> | <u>\$133,097.35</u> | <u>\$74,276.23</u> | <u>\$64,430.07</u> | <u>\$105,735.00</u> | <u>\$702,937.21</u> |
| Fund Balances | | | | | | | |
| Reserved: | | | | | | | |
| Reserved for Encumbrances | \$28,322.31 | \$0.00 | \$0.00 | \$61.08 | \$140,061.09 | \$0.00 | \$168,444.48 |
| Unreserved: | | | | | | | |
| Undesignated (Deficit), Reported in: | | | | | | | |
| General Fund | 176,690.94 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 176,690.94 |
| Special Revenue Funds | 0.00 | 120,385.31 | 133,097.35 | 74,215.15 | (75,631.02) | 104,342.70 | 356,409.49 |
| Permanent Fund | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,392.30 | 1,392.30 |
| <i>Total Fund Balances</i> | <u>\$205,013.25</u> | <u>\$120,385.31</u> | <u>\$133,097.35</u> | <u>\$74,276.23</u> | <u>\$64,430.07</u> | <u>\$105,735.00</u> | <u>\$702,937.21</u> |

See accompanying notes to the basic financial statements

AMANDA TOWNSHIP, FAIRFIELD COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2006

| | GENERAL | GASOLINE TAX | ROAD AND BRIDGE | FIRE DISTRICT | EMS | OTHER GOVERNMENTAL FUNDS | TOTAL |
|---------------------------------|---------------------|---------------------|-----------------------|--------------------|--------------------|--------------------------------|---------------------|
| Receipts | | | | | | | |
| Property and Other Local Taxes | \$13,964.47 | \$0.00 | \$86,380.29 | \$0.00 | \$0.00 | \$20,969.57 | \$121,314.33 |
| Charges for Services | 5,200.00 | 0.00 | 0.00 | 73,770.00 | 104,961.04 | 0.00 | 183,931.04 |
| Licenses, Permits and Fees | 4,950.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 4,950.00 |
| Intergovernmental | 35,711.97 | 95,845.83 | 19,416.08 | 0.00 | 0.00 | 9,419.94 | 160,393.82 |
| Earnings on Investments | 9,655.89 | 1,917.52 | 0.00 | 0.00 | 0.00 | 2,013.71 | 13,587.12 |
| Miscellaneous | 10,424.58 | 512.06 | 0.00 | 1,033.09 | 2,434.50 | 308.06 | 14,712.29 |
| Total Receipts | 79,906.91 | 98,275.41 | 105,796.37 | 74,803.09 | 107,395.54 | 32,711.28 | 498,888.60 |
| Disbursements | | | | | | | |
| Current: | | | | | | | |
| General Government | 116,704.87 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 116,704.87 |
| Public Safety | 0.00 | 0.00 | 0.00 | 44,872.71 | 84,623.37 | 0.00 | 129,496.08 |
| Public Works | 0.00 | 45,032.35 | 71,540.02 | 0.00 | 0.00 | 20,476.13 | 137,048.50 |
| Health | 14,181.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 14,181.00 |
| Total Disbursements | 130,885.87 | 45,032.35 | 71,540.02 | 44,872.71 | 84,623.37 | 20,476.13 | 397,430.45 |
| Net Change in Fund Balances | (50,978.96) | 53,243.06 | 34,256.35 | 29,930.38 | 22,772.17 | 12,235.15 | 101,458.15 |
| Fund Balances Beginning of Year | 255,992.21 | 67,142.25 | 98,841.00 | 44,345.85 | 41,657.90 | 93,499.85 | 601,479.06 |
| Fund Balances End of Year | <u>\$205,013.25</u> | <u>\$120,385.31</u> | <u>\$133,097.35</u> | <u>\$74,276.23</u> | <u>\$64,430.07</u> | <u>\$105,735.00</u> | <u>\$702,937.21</u> |

See accompanying notes to the basic financial statements

AMANDA TOWNSHIP, FAIRFIELD COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|---------------------|--------------------|---------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$11,500.00 | \$11,500.00 | \$13,964.47 | \$2,464.47 |
| Charges for Services | 5,200.00 | 5,200.00 | 5,200.00 | 0.00 |
| Licenses, Permits and Fees | 3,000.00 | 3,000.00 | 4,950.00 | 1,950.00 |
| Intergovernmental | 30,200.00 | 30,200.00 | 35,711.97 | 5,511.97 |
| Earnings on Investments | 5,000.00 | 5,000.00 | 9,655.89 | 4,655.89 |
| Miscellaneous | 527.70 | 527.70 | 10,424.58 | 9,896.88 |
| <i>Total receipts</i> | <u>55,427.70</u> | <u>55,427.70</u> | <u>79,906.91</u> | <u>24,479.21</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 147,229.24 | 170,229.24 | 116,704.87 | 53,524.37 |
| Public Safety | 0.00 | 28,322.31 | 28,322.31 | 0.00 |
| Health | 13,900.00 | 15,900.00 | 14,181.00 | 1,719.00 |
| <i>Total Disbursements</i> | <u>161,129.24</u> | <u>214,451.55</u> | <u>159,208.18</u> | <u>55,243.37</u> |
| <i>Net Change in Fund Balance</i> | (105,701.54) | (159,023.85) | (79,301.27) | 79,722.58 |
| <i>Fund Balance Beginning of Year</i> | 254,862.97 | 254,862.97 | 254,862.97 | 0.00 |
| Prior Year Encumbrances Appropriated | <u>1,129.24</u> | <u>1,129.24</u> | <u>1,129.24</u> | <u>0.00</u> |
| <i>Fund Balance End of Year</i> | <u>\$150,290.67</u> | <u>\$96,968.36</u> | <u>\$176,690.94</u> | <u>\$79,722.58</u> |

See accompanying notes to the basic financial statements

AMANDA TOWNSHIP, FAIRFIELD COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Gasoline Tax Fund

For the Year Ended December 31, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Intergovernmental | 69,200.00 | 69,200.00 | 95,845.83 | 26,645.83 |
| Earnings on Investments | 469.00 | 469.00 | 1,917.52 | 1,448.52 |
| Miscellaneous | 0.00 | 0.00 | 512.06 | 512.06 |
| <i>Total receipts</i> | <u>69,669.00</u> | <u>69,669.00</u> | <u>98,275.41</u> | <u>28,606.41</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 92,700.00 | 92,700.00 | 45,032.35 | 47,667.65 |
| <i>Total Disbursements</i> | <u>92,700.00</u> | <u>92,700.00</u> | <u>45,032.35</u> | <u>47,667.65</u> |
| <i>Net Change in Fund Balance</i> | (23,031.00) | (23,031.00) | 53,243.06 | 76,274.06 |
| <i>Fund Balance Beginning of Year</i> | <u>67,142.25</u> | <u>67,142.25</u> | <u>67,142.25</u> | <u>0.00</u> |
| <i>Fund Balance End of Year</i> | <u>\$44,111.25</u> | <u>\$44,111.25</u> | <u>\$120,385.31</u> | <u>\$76,274.06</u> |

See accompanying notes to the basic financial statements

AMANDA TOWNSHIP, FAIRFIELD COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Road and Bridge Fund

For the Year Ended December 31, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$85,000.00 | \$85,000.00 | \$86,380.29 | \$1,380.29 |
| Intergovernmental | 4,000.00 | 5,000.00 | 19,416.08 | 14,416.08 |
| <i>Total receipts</i> | <u>89,000.00</u> | <u>90,000.00</u> | <u>105,796.37</u> | <u>15,796.37</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 128,300.00 | 128,300.00 | 71,540.02 | 56,759.98 |
| <i>Total Disbursements</i> | <u>128,300.00</u> | <u>128,300.00</u> | <u>71,540.02</u> | <u>56,759.98</u> |
| <i>Net Change in Fund Balance</i> | (39,300.00) | (38,300.00) | 34,256.35 | 72,556.35 |
| <i>Fund Balance Beginning of Year</i> | <u>98,841.00</u> | <u>98,841.00</u> | <u>98,841.00</u> | <u>0.00</u> |
| <i>Fund Balance End of Year</i> | <u>\$59,541.00</u> | <u>\$60,541.00</u> | <u>\$133,097.35</u> | <u>\$72,556.35</u> |

See accompanying notes to the basic financial statements

AMANDA TOWNSHIP, FAIRFIELD COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Fire District

For the Year Ended December 31, 2006

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Charges for Services | 70,000.00 | 70,000.00 | 73,770.00 | 3,770.00 |
| Miscellaneous | 43.67 | 43.67 | 1,033.09 | 989.42 |
| <i>Total receipts</i> | <u>70,043.67</u> | <u>70,043.67</u> | <u>74,803.09</u> | <u>4,759.42</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | 90,387.30 | 90,387.30 | 44,933.79 | 45,453.51 |
| <i>Total Disbursements</i> | <u>90,387.30</u> | <u>90,387.30</u> | <u>44,933.79</u> | <u>45,453.51</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(20,343.63)</u> | <u>(20,343.63)</u> | <u>29,869.30</u> | <u>50,212.93</u> |
| <i>Fund Balance Beginning of Year</i> | 43,328.15 | 43,328.15 | 43,328.15 | 0.00 |
| Prior Year Encumbrances Appropriated | <u>1,017.70</u> | <u>1,017.70</u> | <u>1,017.70</u> | <u>0.00</u> |
| <i>Fund Balance End of Year</i> | <u>\$24,002.22</u> | <u>\$24,002.22</u> | <u>\$74,215.15</u> | <u>\$50,212.93</u> |

See accompanying notes to the basic financial statements

AMANDA TOWNSHIP, FAIRFIELD COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

EMS Fund

For the Year Ended December 31, 2006

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|---------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Charges for Services | 95,000.00 | 95,000.00 | 104,961.04 | 9,961.04 |
| Miscellaneous | 56.08 | 56.08 | 2,434.50 | 2,378.42 |
| <i>Total receipts</i> | <u>95,056.08</u> | <u>95,056.08</u> | <u>107,395.54</u> | <u>12,339.46</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Safety | 115,791.51 | 260,791.51 | 224,684.46 | 36,107.05 |
| <i>Total Disbursements</i> | <u>120,791.51</u> | <u>260,791.51</u> | <u>224,684.46</u> | <u>36,107.05</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(25,735.43)</u> | <u>(165,735.43)</u> | <u>(117,288.92)</u> | <u>48,446.51</u> |
| Other Financing Sources (Uses) | | | | |
| Other Financing Sources | 140,000.00 | 140,000.00 | 0.00 | (140,000.00) |
| <i>Net Change in Fund Balance</i> | 114,264.57 | (25,735.43) | (117,288.92) | (91,553.49) |
| <i>Fund Balance Beginning of Year</i> | 41,266.39 | 41,266.39 | 41,266.39 | 0.00 |
| Prior Year Encumbrances Appropriated | <u>391.51</u> | <u>391.51</u> | <u>391.51</u> | <u>0.00</u> |
| <i>Fund Balance End of Year</i> | <u>\$155,922.47</u> | <u>\$15,922.47</u> | <u>(\$75,631.02)</u> | <u>(\$91,553.49)</u> |

See accompanying notes to the basic financial statements

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**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Note 1 – Reporting Entity

Amanda Township, Fairfield County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, 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 government services, maintenance of Township roads and bridges, and cemetery maintenance, fire and EMS protection. Police protection is provided by the Fairfield County Sheriff's office.

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 does not have component units.

The Township participates in a public entity risk pool. This organization is the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property, casualty and liability coverage. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified 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 modified 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.

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a *Statement of Net Assets* and a *Statement of Activities*, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The *Statement of Net Assets* and the *Statement of Activities* display information about the Township as a whole. These statements include the financial activities of the primary government. The statements consist solely of those activities of the Township that are governmental. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The *Statement of Net Assets* presents the cash balance of the governmental activities of the Township at year end. The *Statement of Activities* compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, 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, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Township has only governmental funds.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road & Bridge Fund, Fire District Fund, and EMS Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance 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 level for all funds.

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

The appropriations ordinance 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 and invested. Individual fund integrity is maintained through Township records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2006, the Township invested in certificates of deposits. The certificates of deposits are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$9,656.

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for highways (Motor Vehicle License, Gasoline Tax, Permissive License Tax and Road & Bridge Funds) and public safety.

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.

J. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The *Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis* presented for the General, Gasoline Tax, Road & Bridge, Fire District, and EMS Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances and are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). For major funds, the encumbrances outstanding at year end (budgetary basis) amounted to \$28,322 for the General Fund, \$61 for the Fire District Fund and \$140,061 for the EMS Fund.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 4 – Deposits and Investments (Continued)

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.

At year end, the Township had no undeposited cash on hand.

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 year end, \$633,921 of the Township's bank balance of \$733,921 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 5 – Property Taxes (Continued)

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was 2.7% or \$101,700.

The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

| | |
|-------------------------------|---------------------|
| Real Property | |
| Residential | \$31,576,460 |
| Agriculture | 10,765,010 |
| Commercial/Industrial/Mineral | 2,010,260 |
| Public Utility Property | |
| Real | |
| Personal | 2,822,570 |
| Tangible Personal Property | 2,535,674 |
| Total Assessed Value | <u>\$49,709,974</u> |

Note 6 – 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.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

AMANDA TOWNSHIP
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 6 – Risk Management (Continued)

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006.

| <u>Casualty Coverage</u> | <u>2006</u> |
|--------------------------|---------------------|
| Assets | \$32,031,312 |
| Liabilities | (11,443,952) |
| Retained earnings | <u>\$20,587,360</u> |

| <u>Property Coverage</u> | <u>2006</u> |
|--------------------------|--------------------|
| Assets | \$10,010,963 |
| Liabilities | (676,709) |
| Retained earnings | <u>\$9,334,254</u> |

There is no significant reduction 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.

**AMANDA TOWNSHIP
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)**

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The Township's contribution rate for pension benefits for 2006 was 9.2 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.43 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006 and 2005 were \$10,197 and \$11,158 respectively. The full amount has been contributed for 2006 and 2005.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

AMANDA TOWNSHIP
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006
(Continued)

Note 8 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$4,434. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

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



Mary Taylor, CPA

Auditor of State

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

Amanda Township
Fairfield County
8000 Cincinnati-Zanesville Road
Amanda, Ohio 43102

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 Amanda Township, Fairfield County, (the Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 30, 2007, wherein we noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Accounting Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2006-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated July 30, 2007.

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 certain noncompliance or other matters that we reported to the Township's management in a separate letter dated July 30, 2007.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

July 30, 2007

**AMANDA TOWNSHIP
FAIFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006**

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

FINDING NUMBER 2006-001

Material Weakness/Significant Deficiency – Entering Financial Data into the Accounting System

The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

The Fiscal Officer did not always accurately post approved budget totals to the Township's accounting system and did not properly classify all receipts as program or general revenue for presentation on the Statement of Activities. The following posting errors were noted:

- The amounts posted for estimated receipts did not match the amended certificate for the General Fund (estimated receipts were \$56,677; amount posted was \$55,377) or for the Road and Bridge Fund (estimated receipts were \$90,000; amount posted was \$89,000).
- There were misclassifications between program revenues and general revenues on the Statement of Activities

Not posting financial information accurately to the ledgers resulted in the financial statements requiring audit reclassification and adjusting entries.

We recommend the Township's Fiscal Officer take steps to ensure the accurate posting of all financial activity. Program revenue determinations should be made in accordance with procedures and posting guidelines established by the Uniform Accounting Network. The Fiscal Officer should ensure budget amounts entered in the accounting system match amounts approved by the Board of Trustees and/or Budget Commission. By exercising accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of financial data throughout the year. We also recommend the Board of Trustees more closely monitor financial information posting to help detect any posting errors or inaccuracies.

The Township's financial statements have been adjusted to accurately reflect the proper receipt line item classifications, program revenues, and estimated receipts in the Road and Bridge Fund.

Officials Response: We understand and will correct.

AMANDA TOWNSHIP
FAIRFIELD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2005-001 | Entering Financial Data into the Accounting System | No | Not corrected |



Mary Taylor, CPA
Auditor of State

AMANDA TOWNSHIP

FAIRFIELD 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 18, 2007