



Mary Taylor, CPA
Auditor of State

**HOPEWELL TOWNSHIP
MUSKINGUM COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Hopewell Township
Muskingum County
1705 County Line Road
Hopewell, Ohio 43746

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 Hopewell Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, 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 § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our 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 Hopewell Township, Muskingum County, Ohio, as of December 31, 2006 and 2005, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge and Fire Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 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 the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

August 16, 2007

Hopewell Township
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of Hopewell Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's modified cash basis accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Key Financial Highlights for 2006 are as Follows:

- Cash of the Township's governmental activities increased \$34,344 or 18.5% from 2005. This is the result of overall decreasing expenditures for 2006 compared to 2005.
- Net assets of governmental activities increased \$34,344 or 18.5%.
- The General Fund had total receipts of \$78,128 and total expenditures of \$53,157 with a net increase of \$24,971. The Gasoline Tax Fund had total receipts of \$86,363 and total expenditures of \$91,987 with a net decrease of \$5,624. The Road and Bridge Fund had total receipts of \$82,410 and total expenditures of \$59,855 with a net increase of \$22,555. The Fire Fund had total receipts of \$40,109 and total expenditures of \$47,265 with a net decrease of \$7,156.

Key Financial Highlights for 2005 are as Follows:

- Cash of the Township's governmental activities increased \$37,019 or 24.9% from 2004.
- Net assets of governmental activities increased \$37,019 or 24.9%.
- The General Fund had total receipts of \$89,868 and total expenditures of \$53,726 with a net increase of \$36,142. The Gasoline Tax Fund had total receipts of \$124,890 and total expenditures of \$122,926 with a net increase of \$1,964. The Road and Bridge Fund had total receipts of \$75,490 and total expenditures of \$85,204 with a net decrease of \$9,714. The Fire Fund had total receipts of \$39,019 and total expenditures of \$40,746 with a net decrease of \$1,727.

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 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.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of the modified cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of 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 non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township reports only one type of activity:

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

Reporting the Township's Most Significant Funds

Fund Financial Statements

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

Hopewell Township
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Reporting the Township's Most Significant Funds (Continued)

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

Reporting 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**

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$216,001	\$181,657
Investments	3,871	3,871
Total Assets	\$219,872	\$185,528
Net Assets		
Restricted for:		
Permanent Fund: Cemetery Bequest		
Expendable	\$856	\$735
Nonexpendable	3,871	3,871
Other Purposes	113,262	104,010
Unrestricted	101,883	76,912
Total Net Assets	\$219,872	\$185,528

Hopewell Township
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Reporting the Township as a Whole (Continued)

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities.

(Table 2)

Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Operating Grants and Contributions	\$ 110,100	\$ 120,780
Capital Grants and Contributions	0	37,267
Total Program Receipts	110,100	158,047
General Receipts:		
Property and Other Local Taxes	166,558	160,841
Grants and Entitlements Not Restricted to Specific Programs	37,777	63,188
Interest	1,237	674
Miscellaneous	5,500	151
Total General Receipts	211,072	224,854
Total Receipts	321,172	382,901
Disbursements:		
General Government	91,069	80,926
Public Safety	40,000	40,000
Public Works	148,215	218,596
Health	7,544	2,100
Principal Retirement		4,000
Interest and Fiscal Charges		260
Total Disbursements	286,828	345,882
Increase in Net Assets	34,344	37,019
Net Assets, January 1	185,528	148,509
Net Assets, December 31	\$219,872	\$185,528

General receipts are made up of local and state taxes, and state and federal grants and entitlements. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include, but are not limited to, the costs of trustees and clerk salaries, insurances, retirement and utilities.

Hopewell Township
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Public Safety is the cost of fire protection; Public Works is the general maintenance as well as repair of roads; Health is for health services; and Principal Retirement/Interest and Fiscal Charges are the payment of the debt of the Township.

Governmental Activities

If you look at the Statement of Activities on pages 10 and 18, 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 General Government and Public Works, which account for 32 and 52 percent of all governmental disbursements, respectively for 2006. The major program disbursements for governmental activities are for General Government and Public Works, which account for 23 and 63 percent of all governmental disbursements, respectively for 2005. The next column of the Statement entitled Program Receipts identifies 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**

	<u>Total Cost of Services</u> <u>2006</u>	<u>Net Cost of Services</u> <u>2006</u>	<u>Total Cost of Services</u> <u>2005</u>	<u>Net Cost of Services</u> <u>2005</u>
General Gov't \$	91,069	\$ 91,069	\$ 80,926	\$ 80,926
Public Safety	40,000	35,893	40,000	35,226
Public Works	148,215	42,222	218,596	65,323
Health	7,544	7,544	2,100	2,100
Debt Service:				
Principal			4,000	4,000
Interest			260	260
Total	<u>\$ 286,828</u>	<u>\$ 176,728</u>	<u>\$ 345,882</u>	<u>\$ 187,835</u>

The dependence upon property tax receipts is apparent as 62% of 2006 governmental activities and 54% of 2005 governmental activities are supported through these and other general receipts.

General Fund Budgeting Highlights

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

During 2006 actual receipts were \$6,047 above final budgeted receipts in the General Fund. During 2005, actual receipts were \$24,293 above budgeted receipts in the General Fund.

During 2006, final disbursements in the General Fund were budgeted at \$156,874 while actual disbursements were \$53,157. During 2005, final disbursements in the General Fund were budgeted at \$106,345 while actual disbursements were \$53,726.

Although receipts were in excess of expectations, appropriations were not increased. The Township kept spending below budgeted amounts as demonstrated by the lack of reported variances.

Hopewell Township
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

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. We rely heavily on local taxes and have no industry to support the tax base.

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 Vicki J. McKenzie, Fiscal Officer, Hopewell Township, Muskingum County, 1705 County Line Road, Hopewell, Ohio 43746.

Hopewell Township
Muskingum County
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$216,001
Investments	3,871
<i>Total Assets</i>	\$219,872
 Net Assets	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$856
Nonexpendable	3,871
Other Purposes	113,262
Unrestricted	101,883
<i>Total Net Assets</i>	\$219,872

See accompanying notes to the basic financial statements

Hopewell Township
Muskingum County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2006

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$91,069		(\$91,069)
Public Safety	40,000	\$4,107	(35,893)
Public Works	148,215	105,993	(42,222)
Health	7,544		(7,544)
<i>Total Governmental Activities</i>	<u>\$286,828</u>	<u>\$110,100</u>	(176,728)
General Receipts			
Property Taxes Levied for:			
General Purposes			166,558
Grants and Entitlements not Restricted to Specific Programs			37,777
Interest			1,237
Miscellaneous			5,500
<i>Total General Receipts</i>			211,072
Change in Net Assets			34,344
<i>Net Assets Beginning of Year</i>			<u>185,528</u>
<i>Net Assets End of Year</i>			<u>\$219,872</u>

See accompanying notes to the basic financial statements

Hopewell Township
Muskingum County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$101,883	\$33,480	\$42,792	\$6,303	\$31,543	\$216,001
Investments					3,871	3,871
<i>Total Assets</i>	<u>\$101,883</u>	<u>\$33,480</u>	<u>\$42,792</u>	<u>\$6,303</u>	<u>\$35,414</u>	<u>\$219,872</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$101,883					\$101,883
Special Revenue Funds		\$33,480	\$42,792	\$6,303	\$30,687	113,262
Permanent Fund					4,727	4,727
<i>Total Fund Balances</i>	<u>\$101,883</u>	<u>\$33,480</u>	<u>\$42,792</u>	<u>\$6,303</u>	<u>\$35,414</u>	<u>\$219,872</u>

See accompanying notes to the basic financial statements

Hopewell Township
Muskingum 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 Fund	Road and Bridge Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$42,691		\$70,997	\$34,779	\$18,091	\$166,558
Intergovernmental	29,101	\$86,201	11,413	5,330	15,832	147,877
Interest	836	162			239	1,237
Other	5,500					5,500
<i>Total Receipts</i>	<u>78,128</u>	<u>86,363</u>	<u>82,410</u>	<u>40,109</u>	<u>34,162</u>	<u>321,172</u>
Disbursements						
Current:						
General Government	45,613	14,992	23,199	7,265		91,069
Public Safety				40,000		40,000
Public Works		76,995	36,656		34,564	148,215
Health	7,544					7,544
<i>Total Disbursements</i>	<u>53,157</u>	<u>91,987</u>	<u>59,855</u>	<u>47,265</u>	<u>34,564</u>	<u>286,828</u>
<i>Net Change in Fund Balances</i>	24,971	(5,624)	22,555	(7,156)	(402)	34,344
<i>Fund Balances Beginning of Year</i>	<u>76,912</u>	<u>39,104</u>	<u>20,237</u>	<u>13,459</u>	<u>35,816</u>	<u>185,528</u>
<i>Fund Balances End of Year</i>	<u>\$101,883</u>	<u>\$33,480</u>	<u>\$42,792</u>	<u>\$6,303</u>	<u>\$35,414</u>	<u>\$219,872</u>

See accompanying notes to the basic financial statements

**Hopewell Township
Muskingum County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$38,051	\$38,051	\$42,691	\$4,640
Intergovernmental	24,220	28,180	29,101	921
Interest	350	350	836	486
Other		5,500	5,500	0
<i>Total receipts</i>	<u>62,621</u>	<u>72,081</u>	<u>78,128</u>	<u>6,047</u>
Disbursements				
Current:				
General Government	109,914	109,914	45,613	64,301
Public Works	20,000	29,460		29,460
Health	17,500	17,500	7,544	9,956
<i>Total Disbursements</i>	<u>147,414</u>	<u>156,874</u>	<u>53,157</u>	<u>103,717</u>
<i>Net Change in Fund Balance</i>	(84,793)	(84,793)	24,971	109,764
<i>Fund Balance Beginning of Year</i>	<u>76,912</u>	<u>76,912</u>	<u>76,912</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$7,881)</u>	<u>(\$7,881)</u>	<u>\$101,883</u>	<u>\$109,764</u>

See accompanying notes to the basic financial statements

Hopewell Township
Muskingum 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	\$86,880	\$86,880	\$86,201	(\$679)
Interest	120	120	162	42
<i>Total receipts</i>	<u>87,000</u>	<u>87,000</u>	<u>86,363</u>	<u>(637)</u>
Disbursements				
Current:				
General Government	18,030	18,030	14,992	3,038
Public Works	108,073	108,073	76,995	31,078
<i>Total Disbursements</i>	<u>126,103</u>	<u>126,103</u>	<u>91,987</u>	<u>34,116</u>
<i>Net Change in Fund Balance</i>	(39,103)	(39,103)	(5,624)	33,479
<i>Fund Balance Beginning of Year</i>	<u>39,104</u>	<u>39,104</u>	<u>39,104</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1</u>	<u>\$1</u>	<u>\$33,480</u>	<u>\$33,479</u>

See accompanying notes to the basic financial statements

Hopewell Township
Muskingum 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	\$66,915	\$66,915	\$70,997	\$4,082
Intergovernmental	9,200	9,200	11,413	2,213
<i>Total receipts</i>	76,115	76,115	82,410	6,295
Disbursements				
Current:				
General Government	27,210	27,210	23,199	4,011
Public Works	69,141	69,141	36,656	32,485
<i>Total Disbursements</i>	96,351	96,351	59,855	36,496
<i>Net Change in Fund Balance</i>	(20,236)	(20,236)	22,555	42,791
<i>Fund Balance Beginning of Year</i>	20,237	20,237	20,237	0
<i>Fund Balance End of Year</i>	\$1	\$1	\$42,792	\$42,791

See accompanying notes to the basic financial statements

**Hopewell Township
Muskingum County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis*

Fire 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	\$30,271	\$30,271	\$34,779	\$4,508
Intergovernmental	5,900	5,900	5,330	(570)
<i>Total receipts</i>	<u>36,171</u>	<u>36,171</u>	<u>40,109</u>	<u>3,938</u>
Disbursements				
Current:				
General Government	9,630	9,630	7,265	2,365
Public Safety	40,000	40,000	40,000	0
<i>Total Disbursements</i>	<u>49,630</u>	<u>49,630</u>	<u>47,265</u>	<u>2,365</u>
<i>Net Change in Fund Balance</i>	(13,459)	(13,459)	(7,156)	6,303
<i>Fund Balance Beginning of Year</i>	<u>13,459</u>	<u>13,459</u>	<u>13,459</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$6,303</u></u>	<u><u>\$6,303</u></u>

See accompanying notes to the basic financial statements

Hopewell Township
Muskingum County
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$181,657
Investments	<u>3,871</u>
<i>Total Assets</i>	<u><u>\$185,528</u></u>
Net Assets	
Restricted for:	
Permanent Fund Purpose:	
Expendable	\$735
Nonexpendable	3,871
Other Purposes	104,010
Unrestricted	<u>76,912</u>
<i>Total Net Assets</i>	<u><u>\$185,528</u></u>

See accompanying notes to the basic financial statements

Hopewell Township
Muskingum County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$80,926			(\$80,926)
Public Safety	40,000	\$4,774		(35,226)
Public Works	218,596	116,006	\$37,267	(65,323)
Health	2,100			(2,100)
Debt Service:				
Principal Retirement	4,000			(4,000)
Interest and Fiscal Charges	260			(260)
<i>Total Governmental Activities</i>	<u>\$345,882</u>	<u>\$120,780</u>	<u>\$37,267</u>	(187,835)
General Receipts				
Property Taxes Levied for:				
General Purposes				160,841
Grants and Entitlements not Restricted to Specific Programs				63,188
Interest				674
Miscellaneous				151
<i>Total General Receipts</i>				224,854
Change in Net Assets				37,019
<i>Net Assets Beginning of Year</i>				<u>148,509</u>
<i>Net Assets End of Year</i>				<u>\$185,528</u>

See accompanying notes to the basic financial statements

Hopewell Township
Muskingum County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$76,912	\$39,104	\$20,237	\$13,459	\$31,945	\$181,657
Investments					3,871	3,871
<i>Total Assets</i>	<u>\$76,912</u>	<u>\$39,104</u>	<u>\$20,237</u>	<u>\$13,459</u>	<u>\$35,816</u>	<u>\$185,528</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$76,912					\$76,912
Special Revenue Funds		\$39,104	\$20,237	\$13,459	\$31,210	104,010
Permanent Fund					4,606	4,606
<i>Total Fund Balances</i>	<u>\$76,912</u>	<u>\$39,104</u>	<u>\$20,237</u>	<u>\$13,459</u>	<u>\$35,816</u>	<u>\$185,528</u>

See accompanying notes to the basic financial statements

Hopewell Township
Muskingum County
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Gasoline Tax Fund	Road and Bridge Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$38,867		\$66,309	\$33,453	\$22,212	\$160,841
Intergovernmental	50,595	\$120,589	9,181	5,566	35,304	221,235
Interest	405	92			177	674
Other	1				150	151
<i>Total Receipts</i>	<u>89,868</u>	<u>120,681</u>	<u>75,490</u>	<u>39,019</u>	<u>57,843</u>	<u>382,901</u>
Disbursements						
Current:						
General Government	51,626	12,760	15,794	746		80,926
Public Safety				40,000		40,000
Public Works		110,166	69,410		39,020	218,596
Health	2,100					2,100
Debt Service:						
Principal Retirement					4,000	4,000
Interest and Fiscal Charges					260	260
<i>Total Disbursements</i>	<u>53,726</u>	<u>122,926</u>	<u>85,204</u>	<u>40,746</u>	<u>43,280</u>	<u>345,882</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>36,142</u>	<u>(2,245)</u>	<u>(9,714)</u>	<u>(1,727)</u>	<u>14,563</u>	<u>37,019</u>
Other Financing Sources (Uses)						
Transfers In		4,209				4,209
Transfers Out					(4,209)	(4,209)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>4,209</u>	<u>0</u>	<u>0</u>	<u>(4,209)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	36,142	1,964	(9,714)	(1,727)	10,354	37,019
<i>Fund Balances Beginning of Year</i>	<u>40,770</u>	<u>37,140</u>	<u>29,951</u>	<u>15,186</u>	<u>25,462</u>	<u>148,509</u>
<i>Fund Balances End of Year</i>	<u>\$76,912</u>	<u>\$39,104</u>	<u>\$20,237</u>	<u>\$13,459</u>	<u>\$35,816</u>	<u>\$185,528</u>

See accompanying notes to the basic financial statements

Hopewell Township
Muskingum County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$37,330	\$37,330	\$38,867	\$1,537
Intergovernmental	28,005	28,005	50,595	22,590
Interest	240	240	405	165
Other			1	1
<i>Total receipts</i>	<u>65,575</u>	<u>65,575</u>	<u>89,868</u>	<u>24,293</u>
Disbursements				
Current:				
General Government	83,845	85,245	51,626	33,619
Public Works	10,000	10,000		10,000
Health	12,500	11,100	2,100	9,000
<i>Total Disbursements</i>	<u>106,345</u>	<u>106,345</u>	<u>53,726</u>	<u>52,619</u>
<i>Net Change in Fund Balance</i>	(40,770)	(40,770)	36,142	76,912
<i>Fund Balance Beginning of Year</i>	<u>40,770</u>	<u>40,770</u>	<u>40,770</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$76,912</u></u>	<u><u>\$76,912</u></u>

See accompanying notes to the basic financial statements

**Hopewell Township
Muskingum County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis*

Gasoline Tax Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$58,527	\$61,149	\$120,589	\$59,440
Interest	75	75	92	17
<i>Total receipts</i>	<u>58,602</u>	<u>61,224</u>	<u>120,681</u>	<u>59,457</u>
Disbursements				
Current:				
General Government	11,316	12,766	12,760	6
Public Works	83,211	81,761	110,166	(28,405)
<i>Total Disbursements</i>	<u>94,527</u>	<u>94,527</u>	<u>122,926</u>	<u>(28,399)</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(35,925)</u>	<u>(33,303)</u>	<u>(2,245)</u>	<u>31,058</u>
Other Financing Sources (Uses)				
Transfers In		4,209	4,209	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>4,209</u>	<u>4,209</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(35,925)</u>	<u>(29,094)</u>	<u>1,964</u>	<u>31,058</u>
<i>Fund Balance Beginning of Year</i>	<u>37,140</u>	<u>37,140</u>	<u>37,140</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,215</u></u>	<u><u>\$8,046</u></u>	<u><u>\$39,104</u></u>	<u><u>\$31,058</u></u>

See accompanying notes to the basic financial statements

**Hopewell Township
Muskingum 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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$62,244	\$62,244	\$66,309	\$4,065
Intergovernmental	9,200	9,200	9,181	(19)
<i>Total receipts</i>	<u>71,444</u>	<u>71,444</u>	<u>75,490</u>	<u>4,046</u>
Disbursements				
Current:				
General Government	17,232	17,232	15,794	1,438
Public Works	84,163	84,163	69,410	14,753
<i>Total Disbursements</i>	<u>101,395</u>	<u>101,395</u>	<u>85,204</u>	<u>16,191</u>
<i>Net Change in Fund Balance</i>	(29,951)	(29,951)	(9,714)	20,237
<i>Fund Balance Beginning of Year</i>	<u>29,951</u>	<u>29,951</u>	<u>29,951</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$20,237</u>	<u>\$20,237</u>

See accompanying notes to the basic financial statements

**Hopewell Township
Muskingum County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fund*

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$29,771	\$29,771	\$33,453	\$3,682
Intergovernmental	6,200	6,200	5,566	(634)
<i>Total receipts</i>	<u>35,971</u>	<u>35,971</u>	<u>39,019</u>	<u>3,048</u>
Disbursements				
Current:				
General Government	11,157	11,157	746	10,411
Public Safety	40,000	40,000	40,000	0
<i>Total Disbursements</i>	<u>51,157</u>	<u>51,157</u>	<u>40,746</u>	<u>10,411</u>
<i>Net Change in Fund Balance</i>	(15,186)	(15,186)	(1,727)	13,459
<i>Fund Balance Beginning of Year</i>	<u>15,186</u>	<u>15,186</u>	<u>15,186</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$13,459</u>	<u>\$13,459</u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

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

The reporting entity is comprised of the primary government to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separated from the Township. The Township provides general government services, maintenance of Township roads, and cemetery maintenance. The Township contracts with the National Trails Volunteer Fire Department for fire protection and EMS services.

Public Entity Risk Pool

The Township participates in the Ohio Government Risk Management Plan, a public entity risk pool. Note 8 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.

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. These statements distinguish the activities of the Township that are governmental in nature. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

Note 2 – Summary of Significant Accounting Policies (Continued)

The statement of net assets presents the cash and investment balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include 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 is self-financing on a modified cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General, Gasoline Tax, Road and Bridge and Fire Funds. 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 Gasoline Tax Fund is used for the maintenance and upkeep of the Township's roads. The Road & Bridge Fund is also used for the maintenance and upkeep of the Township's roads. The Fire Fund collects property tax monies to be used for providing fire protection and EMS services. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

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

Note 2 – Summary of Significant Accounting Policies (Continued)

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 cash disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the object level for all funds.

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

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

Township records identify the purchase of specific investments by specific funds.

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

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, respectively.

During 2006 and 2005, the Township had deposits in an interest bearing checking account and an investment in a certificate of deposit.

Interest earnings were allocated to the General, Gasoline Tax, Motor Vehicle License Tax and Permissive Motor Vehicle License Tax Funds only during 2006 and 2005. Additionally, interest from the Certificate of Deposit was allocated to the Cemetery Trust Fund during 2006 and 2005.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Note 2 – Summary of Significant Accounting Policies (Continued)

G. Inventory and Prepaid Assets

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

H. Capital Assets

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

I. Inter-fund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Note 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

L. Inter-fund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

M. 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 local and state monies restricted to expenditures for specified purposes. 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.

N. Fund Balance Reserves

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

Note 3 – Change in Basis of Accounting

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. The transition from the regulatory basis of accounting to the modified cash basis of accounting resulted in no changes to fund balance as previously reported at December 31, 2004.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General, Gasoline Tax, Road & Bridge and Fire Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – 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;

Note 5 – Deposits and Investments (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

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.

Deposits

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

Investments

For the purpose of this note disclosure, at December 31, 2006 and 2005, the Township invested in a Certificate of Deposit with National City Bank.

Interest Rate Risk

State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and that an investment must be purchased with the expectation that it will be held to maturity. The Township's Certificate of Deposit matures annually.

Credit Risk

The Township has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Fiscal Officer or qualified trustee.

Hopewell Township
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 6 – 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 2006 became a lien on December 31, 2005, 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.

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 2006 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 \$4.85 per \$1,000 of assessed value. 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/Agricultural	\$40,817,010
Other	1,797,510
Tangible Personal Property	
Business	429,166
Public Utility	1,620,480
Total Assessed Value	<u><u>\$44,664,166</u></u>

Note 7 – 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.

Effective April 17, 2005, the Township contracted with the Ohio Government Risk Management Plan for various types of insurance coverage including commercial property, inland marine, general liability, employer's liability, employee benefits liability, public officials liability, commercial crime, automobile and bonding. Details concerning the Township's membership in this risk pool are outlined in Note 8.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims. The premium for 2006 increased by \$180 over 2005 (\$1,418 - \$1,238).

The Township also provides medical benefits to its officials through a private carrier.

Note 8 - Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (the latest information available):

	2005	2004
Assets	\$8,219,430	\$6,685,522
Liabilities	(2,748,639)	(2,227,808)
Members' Equity	\$5,470,791	\$4,457,714

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Note 9 – Defined Benefit Pension Plans

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.

Note 9 – Defined Benefit Pension Plans (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the years ended December 31, 2006 and 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.00 and 8.50 percent, respectively, of their annual covered salaries to fund pension obligations. The Township's contribution rate for pension benefits for 2006 and 2005 was 13.70 and 13.55 percent, respectively. 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 year ended December 31, 2006 were paid in full.

Note 10 – Post-Employment 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 primary survivor 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; 4.50 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 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 6.30 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. 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.

Hopewell Township
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 10 – Post-Employment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

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.

Note 11 – Debt

GOVERNMENTAL ACTIVITIES

As of December 31, 2006 and 2005, the Township did not have any outstanding debt. The Township did not obtain any new debt during 2006.

CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2005:

Type of Debt	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
<u>Governmental Activities</u>				
Township Garage Note	\$4,000	\$0	\$4,000	\$0

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and un-voted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

Note 12 – Interfund Transfers

During 2005 the following transfer was made:

Transfer from Other Governmental Funds to:	
Gasoline Tax Fund	\$4,209
Total Transfers from Other Governmental Funds	\$4,209

Transfers represent the allocation of restricted receipts collected in the Federal Emergency Management Agency Other Governmental Fund to reimburse the Gasoline Tax Fund for expenditures incurred due to a natural disaster.

Note 13 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Mary Taylor, CPA

Auditor of State

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

Hopewell Township
Muskingum County
1705 County Line Road
Hopewell, Ohio 43746

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 Hopewell Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 16, 2007, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our 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.

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

We also noted a certain matter that we reported to the Township's management in a separate letter dated August 16, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 16, 2007.

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



Mary Taylor, CPA
Auditor of State

August 16, 2007

**HOPEWELL TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Noncompliance and Significant Deficiency

Ohio Rev. Code Section 505.24(C) states the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid only from the township general fund or from such funds in proportions as the board may specify by resolution.

The Township Board of Trustees adopted a retroactive resolution on September 13, 2005 authorizing salaries for January 1, 2005 through December 31, 2005 to be paid in the following proportions: 33 1/3% Gasoline Tax Fund, 33 1/3% Motor Vehicle License Tax Fund, and 33 1/3 % Road and Bridge Fund with all retirement benefits being paid 100% from the General Fund and healthcare benefits for two of the Township Trustees being paid from the General Fund and Road and Bridge Funds.

Due to the Township Trustees' duties being, at least in part, administrative in nature, that portion of their salaries related to their administrative duties should be paid from the General Fund. Ohio Attorney General Opinion No. 2004-036 requires that for salaries not paid from the General Fund, trustees must establish administrative procedures to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service performed, in a manner similar to trustees paid per diem compensation.

To amend the resolution passed on September 13, 2005, the Township Trustees adopted a retroactive resolution on June 12, 2007 to pay 2005 salaries 33 1/3% from General Fund, 33 1/3% from Gasoline Tax Fund, and 33 1/3% from Road and Bridge Fund.

As a result, an adjustment was necessary to the 2005 financial statements to reflect \$7,882 as expenditures in the General Fund instead of the Special Revenue Motor Vehicle License Tax Fund. This adjustment is reflected in the accompanying 2005 financial statements.

We recommend the Township determine the portion of Township Trustees salaries which represent administrative duties and pay at least that portion of their salaries and benefits from the General Fund.

Officials' Response

We did not receive a response from Officials to this finding.



Mary Taylor, CPA
Auditor of State

HOPEWELL TOWNSHIP

MUSKINGUM 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
OCTOBER 4, 2007**