



Mary Taylor, CPA  
Auditor of State



**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Muskingum Township  
Washington County  
26 Townhall Road  
Marietta, Ohio 45750

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 Muskingum Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Muskingum Township, Washington County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Fire District and Devola Fire Levy Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2007 and 2006, 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*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

September 2, 2008

Muskingum Township  
Washington County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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This Management's Discussion and Analysis of Muskingum Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

### **Highlights**

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$27,785, or 4 percent. The fund realizing the increase the most was the General Fund. In the General Fund, the Township had Cash and Cash Equivalents of \$445,820 in 2006 and of \$464,184 in 2007.

The Township's general receipts are primarily property tax and intergovernmental revenues. These receipts represent \$776,273 and 83 percent of the total cash received for governmental activities during the year.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$60,012, or 9 percent. The fund realizing the most significant increase was the General Fund. This increase was mainly based on an estate tax settlement received in 2006.

The Township's general receipts are primarily property tax and intergovernmental revenues. These receipts represent respectively \$872,619 and 87 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 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.

Muskingum Township  
Washington County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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**Basis of Accounting**

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

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

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program 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 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 taxes.

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

Governmental activities. Most of 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 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.

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.



Muskingum Township  
Washington County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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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 the Devola Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 and 2005 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2007	2006	2005
<b>Assets</b>			
Cash and Cash Equivalents	\$695,742	\$667,957	\$607,945
Total Assets	\$695,742	\$667,957	\$607,945
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$19,256	\$10,637	\$40,679
Debt Service	45	45	45
Permanent Fund Purpose:			
Expendable	385	350	319
Nonexpendable	400	400	400
Other Purposes	211,472	210,705	228,054
Unrestricted	464,184	445,820	338,448
Total Net Assets	\$695,742	\$667,957	\$607,945

As mentioned previously, net assets of governmental activities increased \$27,785, or 4 percent during 2007. The General Fund had the significant increase in cash balance due to decreases in disbursements for this fund.

Net assets of governmental activities increased \$60,012, or 9 percent during 2006. The General Fund had the significant increase in cash balance due to an estate tax settlement received in 2006.

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

Muskingum Township  
Washington County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$14,688	\$14,820
Operating Grants and Contributions	140,012	115,644
Total Program Receipts	<u>154,700</u>	<u>130,464</u>
General Receipts:		
Property Taxes	593,816	581,362
Grants and Entitlements Not Restricted to Specific Programs	133,588	252,940
Interest	32,135	26,135
Miscellaneous	16,734	12,182
Total General Receipts	<u>776,273</u>	<u>872,619</u>
Total Receipts	<u>930,973</u>	<u>1,003,083</u>
Disbursements:		
General Government	161,993	198,766
Public Safety	298,563	334,689
Public Works	304,092	293,913
Health	32,678	29,791
Conservation-Recreation	7,832	1,637
Other		1,066
Capital Outlay	41,433	8,500
Debt Service:		
Principal Retirement	52,515	67,549
Interest and Fiscal Charges	4,082	7,160
Total Disbursements	<u>903,188</u>	<u>943,071</u>
Increase (Decrease) in Net Assets	27,785	60,012
Net Assets, January 1	<u>667,957</u>	<u>607,945</u>
Net Assets, December 31	<u>\$695,742</u>	<u>\$667,957</u>

Program receipts represent 17 percent in 2007 and 13 percent in 2006 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 83 percent in 2007 and 87 percent in 2006 of the Township's total receipts. Taxes represent 76 percent of general receipts in 2007 and grants make up the majority of remaining general receipts in 2007. Taxes represent 67 percent of general receipts in 2006 and grants make up the majority of the remaining general receipts in 2006.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include, but aren't limited to, the costs of trustee and clerk salaries, medical costs, insurances, retirement, and utilities. Public Safety is the cost of fire protection; Public Works is the general maintenance as well as repair of roads; Health is health services; Conservation-Recreation is the cost of maintaining parks; Capital Outlay is the cost of equipment purchased by the Township and Debt Service is the payment of the debt of the Township.

Since the Township did not prepare financial statements in this format for 2005, a comparative analysis of government-wide data has not been presented for 2006-2005.

Muskingum Township  
Washington County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
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**Governmental Activities**

If you look at the Statement of Activities on pages 10 and 19, 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, Public Safety, and Public Works, which account for 18, 33 and 34 percent of all governmental disbursements, respectively for 2007. The major program disbursements for governmental activities are for General Government, Public Safety, and Public Works, which account for 21, 35 and 31 percent of all governmental disbursements, respectively for 2006. The next two 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 (Disbursement) Receipt 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 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$161,993	\$161,993	\$198,766	\$198,766
Public Safety	298,563	293,539	334,689	329,737
Public Works	304,092	174,080	293,913	179,905
Health	32,678	29,578	29,791	24,591
Conservation-Recreation	7,832	(7,168)	1,637	(2,567)
Other		(1,564)	1,066	(1,034)
Capital Outlay	41,433	41,433	8,500	8,500
Principal Retirement	52,515	52,515	67,549	67,549
Interest and Fiscal Charges	4,082	4,082	7,160	7,160
<b>Total Expenses</b>	<b>\$903,188</b>	<b>\$748,488</b>	<b>\$943,071</b>	<b>\$812,607</b>

The dependence upon property tax and grants and entitlement receipts is apparent as over 82 percent of governmental activities are supported through these general receipts in 2007.

The dependence upon property tax and grants and entitlement receipts is apparent as over 86 percent of governmental activities are supported through these general receipts in 2006.

**The Township's Funds**

During 2007, total governmental funds had receipts of \$930,973 and disbursements of \$903,188. The greatest change within governmental funds occurred within the Road and Bridge Fund. The fund balance of the Road and Bridge Fund decreased \$39,171 because the Township purchased a new truck for road projects and repairs from this fund in 2007.

For 2006, total governmental funds had receipts of \$1,003,083 and disbursements of \$942,005. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$107,372 because of a large estate tax settlement received within this fund in 2006.

Muskingum Township  
Washington County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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**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 2007, the Township amended its budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts in the Fire District Fund and the Devola Fire Levy Fund. The difference between final budgeted receipts and actual receipts was not significant.

During 2007, final disbursements were budgeted at \$277,250 for the General Fund, \$119,150 for the Gasoline Tax Fund, \$207,100 for the Road and Bridge Fund, \$101,275 for the Fire District Fund and \$235,500 for the Devola Fire Levy Fund while actual disbursements were \$171,237 for the General Fund, \$85,260 for the Gasoline Tax Fund, \$171,106 for the Road and Bridge Fund, \$87,381 for the Fire District Fund and \$258,857 for the Devola Fire Levy Fund.

During 2006, the Township amended its budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts in the Fire District Fund and Devola Fire Levy Fund. The difference between final budgeted receipts and actual receipts was not significant.

During 2006, final disbursements were budgeted at \$465,538 for the General Fund, \$123,650 for the Gasoline Tax Fund, \$194,850 for the Road and Bridge Fund, \$110,950 for the Fire District Fund and \$259,620 for the Devola Fire Levy Fund while actual disbursements were \$203,413 for the General Fund, \$86,862 for the Gasoline Tax Fund, \$152,044 for the Road and Bridge Fund, \$119,927 for the Fire District Fund and \$261,455 for the Devola Fire Levy Fund.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not report capital assets and infrastructure under the cash basis of accounting.

**Debt**

At December 31, 2007, the Township's outstanding debt included \$54,391 in business loans issued for the purchase of a fire truck and the Oak Grove School Building. For further information regarding the Township's debt, refer to Note 11 to the basic financial statements.

**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 very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. We have reduced spending on supplies.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, 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 Jay Huck, Township Fiscal Officer, Muskingum Township, 26 Townhall Road, Marietta, Ohio 45750.

MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2007

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$695,742</u>
<i>Total Assets</i>	<u><u>\$695,742</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$19,256
Debt Service	45
Permanent Fund Purpose	
Expendable	385
Nonexpendable	400
Other Purposes	211,472
Unrestricted	<u>464,184</u>
<i>Total Net Assets</i>	<u><u>\$695,742</u></u>

See accompanying notes to the basic financial statements

**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$161,993			(\$161,993)
Public Safety	298,563	\$5,024		(293,539)
Public Works	304,092		\$130,012	(174,080)
Health	32,678	3,100		(29,578)
Conservation-Recreation	7,832	5,000	10,000	7,168
Other		1,564		1,564
Capital Outlay	41,433			(41,433)
Debt Service:				
Principal Retirement	52,515			(52,515)
Interest and Fiscal Charges	4,082			(4,082)
<i>Total Governmental Activities</i>	<u>\$903,188</u>	<u>\$14,688</u>	<u>\$140,012</u>	<u>(748,488)</u>
		<b>General Receipts</b>		
		Property Taxes Levied for:		
				593,816
				General Purposes
				133,588
				Grants and Entitlements not
				Restricted to Specific Programs
				32,135
				Interest
				16,734
				Miscellaneous
				<u>776,273</u>
				<i>Total General Receipts</i>
				27,785
				Change in Net Assets
				667,957
				<u>Net Assets Beginning of Year</u>
				<u>\$695,742</u>
				<u>Net Assets End of Year</u>

See accompanying notes to the basic financial statements

**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

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

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Fire District Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$464,184	\$85,955	\$44,320	\$31,433	\$69,850	\$695,742
<i>Total Assets</i>	<u>\$464,184</u>	<u>\$85,955</u>	<u>\$44,320</u>	<u>\$31,433</u>	<u>\$69,850</u>	<u>\$695,742</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$464,184					\$464,184
Special Revenue Funds		\$85,955	\$44,320	\$31,433	\$49,764	211,472
Debt Service Fund					45	45
Capital Projects Funds					19,256	19,256
Permanent Fund					785	785
<i>Total Fund Balances</i>	<u>\$464,184</u>	<u>\$85,955</u>	<u>\$44,320</u>	<u>\$31,433</u>	<u>\$69,850</u>	<u>\$695,742</u>

See accompanying notes to the basic financial statements

**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

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

	General	Gasoline Tax Fund	Road & Bridge Fund	Fire District Fund	Devola Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$86,018		\$118,868	\$80,170	\$233,363	\$75,397	\$593,816
Charges for Services				800			800
Licenses, Permits and Fees	1,564					5,000	6,564
Intergovernmental	80,873	\$97,369	12,853	11,294	25,494	35,718	263,601
Special Assessments						4,223	4,223
Interest	26,820	3,457				1,858	32,135
Other	326		214	7,380		21,914	29,834
<i>Total Receipts</i>	<u>195,601</u>	<u>100,826</u>	<u>131,935</u>	<u>99,644</u>	<u>258,857</u>	<u>144,110</u>	<u>930,973</u>
<b>Disbursements</b>							
Current:							
General Government	143,399		3,211	1,823	5,061	8,499	161,993
Public Safety	600			44,167	253,796		298,563
Public Works		85,260	145,130			73,702	304,092
Health	27,238					5,440	32,678
Conservation-Recreation						7,832	7,832
Capital Outlay			22,765			18,668	41,433
Debt Service:							
Principal Retirement				38,279		14,236	52,515
Interest and Fiscal Charges				3,112		970	4,082
<i>Total Disbursements</i>	<u>171,237</u>	<u>85,260</u>	<u>171,106</u>	<u>87,381</u>	<u>258,857</u>	<u>129,347</u>	<u>903,188</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>24,364</u>	<u>15,566</u>	<u>(39,171)</u>	<u>12,263</u>	<u>0</u>	<u>14,763</u>	<u>27,785</u>
<b>Other Financing Sources (Uses)</b>							
Advances In						6,000	6,000
Advances Out	(6,000)						(6,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(6,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	18,364	15,566	(39,171)	12,263	0	20,763	27,785
<i>Fund Balances Beginning of Year</i>	<u>445,820</u>	<u>70,389</u>	<u>83,491</u>	<u>19,170</u>	<u>0</u>	<u>49,087</u>	<u>667,957</u>
<i>Fund Balances End of Year</i>	<u>\$464,184</u>	<u>\$85,955</u>	<u>\$44,320</u>	<u>\$31,433</u>	<u>\$0</u>	<u>\$69,850</u>	<u>\$695,742</u>

See accompanying notes to the basic financial statements



**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$84,666	\$84,666	\$86,018	\$1,352
Licenses, Permits and Fees			1,564	1,564
Intergovernmental	42,340	42,340	80,873	38,533
Interest	2,060	2,060	26,820	24,760
Other	1,500	1,500	326	(1,174)
<i>Total Receipts</i>	<u>130,566</u>	<u>130,566</u>	<u>195,601</u>	<u>65,035</u>
<b>Disbursements</b>				
Current:				
General Government	165,150	165,150	143,399	21,751
Public Safety	600	600	600	0
Public Works	80,000	80,000		80,000
Health	30,500	30,500	27,238	3,262
Conservation-Recreation	1,000	1,000		1,000
<i>Total Disbursements</i>	<u>277,250</u>	<u>277,250</u>	<u>171,237</u>	<u>106,013</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(146,684)</u>	<u>(146,684)</u>	<u>24,364</u>	<u>171,048</u>
<b>Other Financing Sources (Uses)</b>				
Advances Out			(6,000)	(6,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(6,000)</u>	<u>(6,000)</u>
<i>Net Change in Fund Balance</i>	<u>(146,684)</u>	<u>(146,684)</u>	<u>18,364</u>	<u>165,048</u>
<i>Fund Balance Beginning of Year</i>	<u>445,820</u>	<u>445,820</u>	<u>445,820</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$299,136</u></u>	<u><u>\$299,136</u></u>	<u><u>\$464,184</u></u>	<u><u>\$165,048</u></u>

See accompanying notes to the basic financial statements

**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$53,787	\$53,787	\$97,369	\$43,582
Interest			3,457	3,457
<i>Total Receipts</i>	<u>53,787</u>	<u>53,787</u>	<u>100,826</u>	<u>47,039</u>
<b>Disbursements</b>				
Current:				
Public Works	119,500	119,500	85,260	34,240
<i>Total Disbursements</i>	<u>119,500</u>	<u>119,500</u>	<u>85,260</u>	<u>34,240</u>
<i>Net Change in Fund Balance</i>	(65,713)	(65,713)	15,566	81,279
<i>Fund Balance Beginning of Year</i>	<u>70,389</u>	<u>70,389</u>	<u>70,389</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,676</u></u>	<u><u>\$4,676</u></u>	<u><u>\$85,955</u></u>	<u><u>\$81,279</u></u>

See accompanying notes to the basic financial statements

**MUSKINGUM TOWNSHIP  
WASHINGTON 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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$118,590	\$118,590	\$118,868	\$278
Intergovernmental	12,178	12,178	12,853	675
Other			214	214
<i>Total Receipts</i>	<u>130,768</u>	<u>130,768</u>	<u>131,935</u>	<u>1,167</u>
<b>Disbursements</b>				
Current:				
General Government	3,000	3,000	3,211	(211)
Public Works	200,100	200,100	145,130	54,970
Capital Outlay	4,000	4,000	22,765	(18,765)
<i>Total Disbursements</i>	<u>207,100</u>	<u>207,100</u>	<u>171,106</u>	<u>35,994</u>
<i>Net Change in Fund Balance</i>	(76,332)	(76,332)	(39,171)	37,161
<i>Fund Balance Beginning of Year</i>	<u>83,491</u>	<u>83,491</u>	<u>83,491</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,159</u></u>	<u><u>\$7,159</u></u>	<u><u>\$44,320</u></u>	<u><u>\$37,161</u></u>

See accompanying notes to the basic financial statements

**MUSKINGMUM TOWNSHIP  
WASHINGTON COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$85,272	\$80,976	\$80,170	(\$806)
Charges for Services			800	800
Intergovernmental	3,098	11,294	11,294	0
Other		4,600	7,380	2,780
<i>Total Receipts</i>	<u>88,370</u>	<u>96,870</u>	<u>99,644</u>	<u>2,774</u>
<b>Disbursements</b>				
Current:				
General Government	2,000	2,000	1,823	177
Public Safety	57,775	57,863	44,167	13,696
Debt Service:				
Principal Retirement	38,300	38,300	38,279	21
Interest and Fiscal Charges	3,200	3,112	3,112	0
<i>Total Disbursements</i>	<u>101,275</u>	<u>101,275</u>	<u>87,381</u>	<u>13,894</u>
<i>Net Change in Fund Balance</i>	(12,905)	(4,405)	12,263	16,668
<i>Fund Balance Beginning of Year</i>	<u>19,170</u>	<u>19,170</u>	<u>19,170</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,265</u></u>	<u><u>\$14,765</u></u>	<u><u>\$31,433</u></u>	<u><u>\$16,668</u></u>

See accompanying notes to the basic financial statements

**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$211,809	\$233,363	\$233,363	\$0
Intergovernmental	24,026	25,494	25,494	0
<i>Total Receipts</i>	<u>235,835</u>	<u>258,857</u>	<u>258,857</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
General Government	4,500	4,500	5,061	(561)
Public Safety	<u>231,000</u>	<u>231,000</u>	<u>253,796</u>	<u>(22,796)</u>
<i>Total Disbursements</i>	<u>235,500</u>	<u>235,500</u>	<u>258,857</u>	<u>(23,357)</u>
<i>Net Change in Fund Balance</i>	335	23,357	0	(23,357)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$335</u></u>	<u><u>\$23,357</u></u>	<u><u>\$0</u></u>	<u><u>(\$23,357)</u></u>

See accompanying notes to the basic financial statements

MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2006

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$667,957</u>
<i>Total Assets</i>	<u><u>\$667,957</u></u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$10,637
Debt Service	45
Permanent Fund Purpose	
Expendable	350
Nonexpendable	400
Other Purposes	210,705
Unrestricted	<u>445,820</u>
<i>Total Net Assets</i>	<u><u>\$667,957</u></u>

See accompanying notes to the basic financial statements



**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

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

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Fire District Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$445,820	\$70,389	\$83,491	\$19,170	\$49,087	\$667,957
<i>Total Assets</i>	<u>\$445,820</u>	<u>\$70,389</u>	<u>\$83,491</u>	<u>\$19,170</u>	<u>\$49,087</u>	<u>\$667,957</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$445,820					\$445,820
Special Revenue Funds		\$70,389	\$83,491	\$19,170	\$37,655	210,705
Debt Service Fund					45	45
Capital Projects Funds					10,637	10,637
Permanent Fund					750	750
<i>Total Fund Balances</i>	<u>\$445,820</u>	<u>\$70,389</u>	<u>\$83,491</u>	<u>\$19,170</u>	<u>\$49,087</u>	<u>\$667,957</u>

See accompanying notes to the basic financial statements



**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

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

	General	Gasoline Tax Fund	Road & Bridge Fund	Fire District Fund	Devola Fire Levy Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$86,016		\$120,062	\$83,507	\$217,795	\$73,982	\$581,362
Licenses, Permits and Fees	2,100					2,568	4,668
Intergovernmental	204,426	\$82,824	13,196	8,365	23,818	34,316	366,945
Special Assessments						4,952	4,952
Interest	21,649	3,153				1,333	26,135
Other	94		596	11,400		6,931	19,021
<i>Total Receipts</i>	<u>314,285</u>	<u>85,977</u>	<u>133,854</u>	<u>103,272</u>	<u>241,613</u>	<u>124,082</u>	<u>1,003,083</u>
<b>Disbursements</b>							
Current:							
General Government	179,012		2,359	1,652	4,250	11,493	198,766
Public Safety	600			76,884	257,205		334,689
Public Works	840	76,378	149,685			67,010	293,913
Health	22,961					6,830	29,791
Conservation-Recreation						1,637	1,637
Capital Outlay						8,500	8,500
Debt Service:							
Principal Retirement		10,484		36,797		20,268	67,549
Interest and Fiscal Charges				4,594		2,566	7,160
<i>Total Disbursements</i>	<u>203,413</u>	<u>86,862</u>	<u>152,044</u>	<u>119,927</u>	<u>261,455</u>	<u>118,304</u>	<u>942,005</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>110,872</u>	<u>(885)</u>	<u>(18,190)</u>	<u>(16,655)</u>	<u>(19,842)</u>	<u>5,778</u>	<u>61,078</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In			36,235				36,235
Transfers Out						(36,235)	(36,235)
Advances In						3,500	3,500
Advances Out	(3,500)						(3,500)
Other Financing Uses						(1,066)	(1,066)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,500)</u>	<u>0</u>	<u>36,235</u>	<u>0</u>	<u>0</u>	<u>(33,801)</u>	<u>(1,066)</u>
<i>Net Change in Fund Balances</i>	107,372	(885)	18,045	(16,655)	(19,842)	(28,023)	60,012
<i>Fund Balances Beginning of Year</i>	<u>338,448</u>	<u>71,274</u>	<u>65,446</u>	<u>35,825</u>	<u>19,842</u>	<u>77,110</u>	<u>607,945</u>
<i>Fund Balances End of Year</i>	<u>\$445,820</u>	<u>\$70,389</u>	<u>\$83,491</u>	<u>\$19,170</u>	<u>\$0</u>	<u>\$49,087</u>	<u>\$667,957</u>

See accompanying notes to the basic financial statements

**MUSKINGUM TOWNSHIP  
WASHINGTON 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		
<b>Receipts</b>				
Property and Other Local Taxes	\$89,892	\$89,892	\$86,016	(\$3,876)
Licenses, Permits and Fees			2,100	2,100
Intergovernmental	34,108	34,108	204,426	170,318
Interest	2,060	2,060	21,649	19,589
Other	1,030	1,030	94	(936)
<i>Total Receipts</i>	<u>127,090</u>	<u>127,090</u>	<u>314,285</u>	<u>187,195</u>
<b>Disbursements</b>				
Current:				
General Government	380,438	380,438	179,012	201,426
Public Safety	600	600	600	0
Public Works	20,000	20,000	840	19,160
Health	28,500	28,500	22,961	5,539
Conservation-Recreation	1,000	1,000		1,000
Capital Outlay	35,000	35,000		35,000
<i>Total Disbursements</i>	<u>465,538</u>	<u>465,538</u>	<u>203,413</u>	<u>262,125</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(338,448)</u>	<u>(338,448)</u>	<u>110,872</u>	<u>449,320</u>
<b>Other Financing Sources (Uses)</b>				
Advances Out			(3,500)	(3,500)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(3,500)</u>	<u>(3,500)</u>
<i>Net Change in Fund Balance</i>	<u>(338,448)</u>	<u>(338,448)</u>	<u>107,372</u>	<u>445,820</u>
<i>Fund Balance Beginning of Year</i>	<u>338,448</u>	<u>338,448</u>	<u>338,448</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$445,820</u>	<u>\$445,820</u>

See accompanying notes to the basic financial statements

**MUSKINGUM TOWNSHIP  
WASHINGTON 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		
<b>Receipts</b>				
Intergovernmental	\$52,221	\$52,221	\$82,824	\$30,603
Interest	159	159	3,153	2,994
<i>Total Receipts</i>	52,380	52,380	85,977	33,597
<b>Disbursements</b>				
Current:				
Public Works	123,650	123,650	76,378	47,272
Debt Service:				
Principal Retirement			10,484	(10,484)
<i>Total Disbursements</i>	123,650	123,650	86,862	36,788
<i>Net Change in Fund Balance</i>	(71,270)	(71,270)	(885)	70,385
<i>Fund Balance Beginning of Year</i>	71,274	71,274	71,274	0
<i>Fund Balance End of Year</i>	\$4	\$4	\$70,389	\$70,385

See accompanying notes to the basic financial statements

**MUSKINGMUM TOWNSHIP  
WASHINGTON 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		
<b>Receipts</b>				
Property and Other Local Taxes	\$129,440	\$129,440	\$120,062	(\$9,378)
Intergovernmental			13,196	13,196
Other			596	596
<i>Total Receipts</i>	<u>129,440</u>	<u>129,440</u>	<u>133,854</u>	<u>4,414</u>
<b>Disbursements</b>				
Current:				
General Government	3,000	3,000	2,359	641
Public Works	181,850	181,850	149,685	32,165
Capital Outlay	10,000	10,000		10,000
<i>Total Disbursements</i>	<u>194,850</u>	<u>194,850</u>	<u>152,044</u>	<u>42,806</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(65,410)</u>	<u>(65,410)</u>	<u>(18,190)</u>	<u>47,220</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			36,235	36,235
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>36,235</u>	<u>36,235</u>
<i>Net Change in Fund Balance</i>	(65,410)	(65,410)	18,045	83,455
<i>Fund Balance Beginning of Year</i>	<u>65,446</u>	<u>65,446</u>	<u>65,446</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$36</u>	<u>\$36</u>	<u>\$83,491</u>	<u>\$83,455</u>

See accompanying notes to the basic financial statements

**MUSKINGMUM TOWNSHIP  
WASHINGTON COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$75,165	\$88,765	\$83,507	(\$5,258)
Intergovernmental			8,365	8,365
Other		11,400	11,400	0
<i>Total Receipts</i>	<u>75,165</u>	<u>100,165</u>	<u>103,272</u>	<u>3,107</u>
<b>Disbursements</b>				
Current:				
General Government	2,500	2,500	1,652	848
Public Safety	66,350	66,350	76,884	(10,534)
Capital Outlay	500	500		500
Debt Service:				
Principal Retirement	36,800	36,800	36,797	3
Interest and Fiscal Charges	4,800	4,800	4,594	206
<i>Total Disbursements</i>	<u>110,950</u>	<u>110,950</u>	<u>119,927</u>	<u>(8,977)</u>
<i>Net Change in Fund Balance</i>	(35,785)	(10,785)	(16,655)	(5,870)
<i>Fund Balance Beginning of Year</i>	<u>35,825</u>	<u>35,825</u>	<u>35,825</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$40</u></u>	<u><u>\$25,040</u></u>	<u><u>\$19,170</u></u>	<u><u>(\$5,870)</u></u>

See accompanying notes to the basic financial statements

**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$239,784	\$217,795	\$217,795	\$0
Intergovernmental		23,818	23,818	0
<i>Total Receipts</i>	<u>239,784</u>	<u>241,613</u>	<u>241,613</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
General Government	2,415	2,415	4,250	(1,835)
Public Safety	<u>257,205</u>	<u>257,205</u>	<u>257,205</u>	<u>0</u>
<i>Total Disbursements</i>	<u>259,620</u>	<u>259,620</u>	<u>261,455</u>	<u>(1,835)</u>
<i>Net Change in Fund Balance</i>	(19,836)	(18,007)	(19,842)	(1,835)
<i>Fund Balance Beginning of Year</i>	<u>19,842</u>	<u>19,842</u>	<u>19,842</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$6</u>	<u>\$1,835</u>	<u>\$0</u>	<u>(\$1,835)</u>

See accompanying notes to the basic financial statements

Muskingum Township  
Washington County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 1 – Reporting Entity**

Muskingum Township, Washington 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 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, cemetery maintenance, and fire protection services. The Township contracts with the Devola Volunteer Fire Department for fire protection. Police protection is provided by the Washington County Sheriff's Department.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. The Township has no component units.

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 cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**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.

Muskingum Township  
Washington County  
Notes to the Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

**A. Basis of Presentation** (Continued)

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**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 Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and the Devola Fire Levy 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. The Township had the following major funds in addition to the General Fund as mentioned above:

**Gasoline Tax Fund** – This fund receives gasoline tax money. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

**Road and Bridge Fund** – This fund receives property tax money. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.



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**Note 2 – Summary of Significant Accounting Policies** (Continued)

**B. Fund Accounting** (Continued)

**Governmental Funds** (Continued)

Fire District Fund — This fund receives property tax money. This fund balance is available to the Township for the purpose of fire protection services provided it is expended or transferred according to the general laws of Ohio.

Devola Fire Levy Fund – This fund receives levy money. This fund balance is available to the Devola Volunteer Fire Department for the purpose of fire protection services provided it is expended or transferred according to the general laws of Ohio.

**C. Basis of Accounting**

The Township's financial statements are prepared using the 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 cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**D. Budgetary Process**

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

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund level for all funds for 2007 and 2006.

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**Note 2 – Summary of Significant Accounting Policies** (Continued)

**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. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$26,820 which includes \$12,493 assigned from other Township funds. Interest receipts credited to the General Fund during 2006 was \$21,649 which includes \$12,492 assigned from other Township funds.

**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. There were no restricted assets at year end.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund 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. Accumulated Leave**

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

**K. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The Township’s 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. The Township has no lease agreements.

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

**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 resources restricted for road maintenance, fire protection and cemetery maintenance. 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 a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**O. Interfund 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.

**Note 3 – Change in Basis of Accounting**

In the prior audit the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For this audit the Township has implemented the 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.

Also as described in Note 2, the Township has not elected to report inventory, prepaid items, interfund receivables (payables), capital assets, and long-term debt as part of the cash basis of accounting. The transition from the regulatory basis of accounting to the cash basis of accounting generated no changes to fund balance/equity as previously reported at December 31, 2005 and 2004.

**Note 4 – Accountability and Compliance**

**Compliance**

At December 31, 2007, the Township had expenditures in excess of appropriations in the Permissive Sales Tax, Street Lighting, Devola Fire Levy, and the Oak Grove School Building Funds in the amounts of \$150, \$2,425, \$23,357, and \$11,280, respectively, contrary to Ohio Rev. Code Section 5705.41(B). At December 31, 2006, the Township had expenditures in excess of appropriations in the Fire District, Permissive Sales Tax, and Devola Fire Levy Funds, in the amounts of \$8,977, \$700, and \$1,835, respectively, at December 31, 2006.

During 2007 and 2006, the Township did not approve their appropriations at the object level of control, contrary to Ohio Rev. Code Section 5705.38(C).

**Note 5 – 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 – Budget Basis presented for the General Fund and the following major special revenue funds: Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and the Devola Fire Levy Fund, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**Note 6 – 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;
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).

Muskingum Township  
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Notes to the Financial Statements  
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**Note 6 – Deposits and Investments** (Continued)

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.

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$712,117 of the Township's bank balance of \$812,117 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. At December 31, 2006, \$703,583 of the Township's bank balance of \$803,583 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 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2007 and 2006 taxes.

Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. 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 2007 and 2006 represent the collection of 2006 and 2005 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. 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.

Muskingum Township  
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**Note 7 – Property Taxes** (Continued)

Tangible personal property tax receipts received in 2007 and 2006 (other than public utility property) represent the collection of 2007 and 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006 on the true value as of December 31, 2006. 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, 2007, was \$5.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$26,427,580
Agricultural	4,342,180
Commercial/Industrial/Mineral	2,868,060
Tangible Personal Property	
Business	655,250
Public Utility	1,717,500
Total Assessed Value	\$36,010,570

The full tax rate for all Township operations for the year ended December 31, 2006, was \$5.80 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	\$26,326,920
Agricultural	4,299,780
Commercial/Industrial/Mineral	2,894,440
Tangible Personal Property	
Business	1,205,680
Public Utility	1,783,140
Total Assessed Value	\$36,509,960

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Note 8 – 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.

Muskingum Township  
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**Note 8 – Risk Management** (Continued)

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. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

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

Muskingum Township  
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**Note 8 – Risk Management** (Continued)

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$16,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**Contributions to OTARMA**

2005	\$	16,402
2006	\$	16,925
2007	\$	16,857

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 9 – 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. The Township participates only in the traditional 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) 222-5601 or (800) 222-7377.



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**Note 9 – Defined Benefit Pension Plan** (Continued)

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 percent. 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, 2007 and 2006 were \$15,621, and \$14,774, respectively. 100 percent has been contributed for 2007, 2006 and 2005. There were no contributions to member-directed plans.

**Note 10 - 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 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 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent from January 1 to June 30, 2007 and 6 percent from July 1 through December 31, 2007 was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

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, 2006, 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 0.5 percent and 5.00 percent annually for the next eight years and 4.00 percent annually after eight 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 374,979 for 2007. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions which were used to fund postemployment benefits were \$6,203 for 2007 and \$4,853 for 2006. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 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.

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Washington County  
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**Note 11 - Debt**

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
Business Loans						
Oak Grove School Loan	3.83%	\$ 29,095	\$ 0	\$ 14,236	\$ 14,859	\$ 14,859
Fire Truck Loan	4.00%	77,811	0	38,279	39,532	39,532
		<u>\$ 106,906</u>	<u>\$ 0</u>	<u>\$ 52,515</u>	<u>\$ 54,391</u>	<u>\$ 54,391</u>

The business loans were issued to finance the purchase of the Oak Grove School Building and a Fire Truck for the Devola Volunteer Fire Department. These loans are supported by the full faith and credit of the Township.

The following is a summary of the Township's future annual debt service requirements:

<u>Year</u>	<u>Business Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 54,391	\$ 2,009

**Note 12 – Interfund Transfers**

During 2006, the following transfers were made:

Transfer from Other Governmental Funds to:	
Road and Bridge Fund	\$36,235

The intended purpose of the transfer from the FEMA Fund (Other Governmental Fund) to the Road and Bridge Fund was to repay the Road and Bridge Fund for FEMA expenditures initially made from the Road and Bridge Fund.

**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.

**Note 14 – Related Party Transactions**

The Township is not aware of any related party transactions.



# 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*

Muskingum Township  
Washington County  
26 Townhall Road  
Marietta, Ohio 45750

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 Muskingum Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 2, 2008, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement 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 opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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 deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-004 and 2007-005.

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, of the significant deficiencies described above, we believe finding numbers 2007-004 and 2007-005 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated September 2, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001 through 2007-004.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 2, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

September 2, 2008

**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Finding for Recovery - Repaid Under Audit**

Ohio Rev. Code Section 505.24 defines, in part, the maximum compensation allowed for Township Trustees based on their annual budget. During 2006, the Township Trustees were entitled to annual compensation of \$9,842, or \$49.21 per day up to a maximum of 200 days, based on the Township's budget being between \$750,001 and \$1,500,000. During fiscal year 2006, in addition to the previously stated allowed salary, the elected officials of the Township were reimbursed for salary underpayments discovered during a previous audit. Reimbursement amounts for Trustees John R. Karas and James B. Stowe, Jr. should have been \$127. However, the amount paid to these trustees was \$245.

The addition of this reimbursement to the allowed yearly salary amounts documented above, resulted in Trustees John R. Karas and James B. Stowe, Jr., being overcompensated during fiscal year 2006 in the amount of \$118 each.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery is hereby issued for public monies illegally expended against John R. Karas and James B. Stowe, Jr., Muskingum Township Trustees, and their surety company, Ohio Township Association Risk Management Authority, jointly and severally, in the amount of \$118 each, and in favor of the Muskingum Township General Fund.

On July 1, 2008, John Karas issued a check to Muskingum Township for \$118 as repayment. On July 3, 2008, Jay Stowe issued a check to Muskingum Township for \$118 as repayment. We consider this finding for recovery to be repaid under audit.

**FINDING NUMBER 2007-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.38(C) requires the following minimum level of budgetary control for subdivisions other than schools: Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services. In regards to a township, the minimum allowable legal level of control is the fund, function, and object level.

During the audit period, the Board of Trustees approved, and submitted to the County Auditor, their appropriations at the fund level. The lack of appropriating down to the object level does not allow the Board of Trustees sufficient information to effectively monitor budget versus actual expenditures.

We recommend the Board of Trustees approve, and submit to the County Auditor, their appropriations at the fund, function, and object level.

**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

At December 31, expenditures exceeded appropriations as follows:

Year	Fund	Approved Appropriations	Actual Expenditures	Variance
2007	Permissive Sales Tax	\$42,100	\$42,250	(\$150)
2007	Street Lighting	6,350	8,775	(2,425)
2007	Devola Fire Levy	235,500	258,857	(23,357)
2007	Oak Grove School Building	38,925	50,205	(11,280)
2006	Permissive Sales Tax	42,100	42,800	(700)
2006	Fire District	110,950	119,927	(8,977)
2006	Devola Fire Levy	259,620	261,455	(1,835)

The practice of allowing expenditures to exceed appropriations could result in negative fund balances for the Township.

We recommend the Board of Trustees and Fiscal Officer compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Board should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

**FINDING NUMBER 2007-004**

**Noncompliance Citation and Material Weakness**

Ohio Admin. Code Section 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code Section 117-2-03.

**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-004 (Continued)**

**Noncompliance Citation and Material Weakness - Ohio Admin. Code Section 117-2-02(A)  
(Continued)**

During 2007 and 2006, the Fiscal Officer posted certain revenue and expenditure transactions incorrectly. The following was noted:

- Debt principal payments were posted to the Public Works expenditure line item instead of the Debt Principal line item in 2006 in the amount of \$10,484 in the Gasoline Tax Fund;
- All disbursements in the Devola Fire Levy Fund were recorded as General Government in 2006 instead of the related fire levy disbursements of \$257,205 being recorded as Public Safety;
- Property tax receipts, grant receipts and miscellaneous receipts totaling \$385,705 in 2007 and \$359,427 in 2006 were recorded as Charges for Services in the Statement of Activities instead of the appropriate general receipts line item;
- \$7,414 of miscellaneous receipts were recorded as Operating Grants in the 2007 Statement of Activities instead of Miscellaneous General Receipts;
- General receipt grants were incorrectly recorded as Property Taxes instead of Grants and Entitlements in the Statement of Activities in the amount of \$22,133 for 2007 and \$30,988 for 2006; and
- The balance in the Capital Projects Fund was recorded as Restricted for Other Purposes instead of Restricted for Capital Projects in the amount of \$10,637 for 2006.

As a result, these significant reclassifications, with which the Township's management agrees, were made to the financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures.

**FINDING NUMBER 2006-005**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should ensure that all transactions are properly authorized in accordance with management's policies as well as ensure the collection and compilation of the data needed for the timely preparation of financial statements.

At December 31, 2007, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers. The variances and funds were as follows:

**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-005 (Continued)**

**Material Weakness (Continued)**

Fund	Appropriations Per Board of Trustees	Amounts Per Township Reports	Variance
General Fund	\$277,250	\$296,452	\$19,202
Motor Vehicle License Tax Fund	53,700	65,000	11,300
Cemetery Fund	5,500	5,700	200
Fire Fund	101,275	106,187	4,912
Permissive Sales Tax Fund	42,100	42,250	150
Street Lighting Fund	6,350	9,550	3,200
Fire Levy Fund	235,500	258,857	23,357
Oak Grove School Building Fund	38,925	56,315	17,390
Debt Service Fund	46	0	(46)
Highland Cemetery Bequest	347	0	(347)
Rayley Cemetery Bequest	24	0	(24)

At December 31, 2006, appropriations as approved by the Board of Trustees did not agree to the Township's ledgers. The variances and funds were as follows:

Fund	Appropriations Per Board of Trustees	Amounts Per Township Reports	Variance
General Fund	\$465,538	\$431,900	(\$33,638)
Motor Vehicle License Tax Fund	48,250	47,000	(1,250)
Gas Tax Fund	123,650	123,500	(150)
Road and Bridge Fund	194,850	192,200	(2,650)
Cemetery Fund	8,600	9,500	900
Fire Fund	110,950	131,000	20,050
Permissive Sales Tax Fund	42,100	42,800	700
Street Lighting Fund	9,900	9,700	(200)
Fire Levy Fund	259,620	261,456	1,836
Debt Service Fund	46	0	(46)
Oak Grove School Building Fund	49,650	48,510	(1,140)
Highland Cemetery Bequest	313	306	(7)
Rayley Cemetery Bequest	15	13	(2)



**MUSKINGUM TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2007-005 (Continued)**

**Material Weakness (Continued)**

At December 31, 2007, estimated resources as approved by the Budget Commission did not agree to the Township's ledgers. The variances and funds were as follows:

Fund	Estimated Receipts Per Budget Commission	Amounts Per Township Reports	Variance
General Fund	\$130,566	\$139,675	\$9,109
Motor Vehicle License Tax Fund	30,969	32,519	1,550
Road and Bridge Fund	130,768	125,078	(5,690)
Fire Fund	96,870	95,761	(1,109)
Permissive Sales Tax Fund	44,098	42,261	(1,837)
Oak Grove School Building Fund	46,739	47,836	1,097

At December 31, 2006, estimated resources as approved by the Budget Commission did not agree to the Township's ledgers. The variances and funds were as follows:

Fund	Estimated Receipts Per Budget Commission	Amounts Per Township Reports	Variance
General Fund	\$127,091	\$126,763	(\$328)
Road and Bridge Fund	129,440	126,960	(2,480)
Cemetery Fund	5,000	5,200	200
Fire Fund	100,165	103,244	3,079
Permissive Sales Tax Fund	41,500	42,800	1,300
Oak Grove School Building Fund	33,100	32,174	(926)

Failure to properly post estimated resources and appropriations could lead to a lack of budgetary control. Adjustments, with which the Township's management agrees, were made to the budgetary statements to properly reflect approved estimated receipts and appropriations.

We recommend the Fiscal Officer post estimated receipts as approved by the County Budget Commission and appropriations as approved by the Board of Trustees.

**Officials' Response:** We did not receive a response from Officials to the findings reported above.





**Mary Taylor, CPA**  
Auditor of State

**MUSKINGUM TOWNSHIP**

**WASHINGTON 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 7, 2008**