



Mary Taylor, CPA
Auditor of State

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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MIAMI COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Staunton Township
Miami County
1720 Troy-Urbana Road
Troy, Ohio 45373

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund of Staunton Township, Miami 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 financial position of the governmental activities and each major fund of Staunton Township, Miami County, Ohio, as of December 31, 2007 and 2006, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund, Motor Vehicle Fund, Gasoline Fund, Road and Bridge Fund, Fire Fund (1 mil) and the Fire Fund (4 mil), 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 October 29, 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.

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Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

October 29, 2008

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

This discussion and analysis of the Staunton Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, 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 \$193,134 or 21.53 percent, a small increase from the prior year.
- A new three year fire/emergency contract with the City of Troy was approved for \$292,157.
- The Road and Bridge Fund, which realized some of the administrative costs associated with operating its department in 2007 realized a decrease in cash.
- Staunton Township's general receipts are primarily property taxes. These receipts represent 46 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as development within the Township has not increased.
- A large estate tax settlement of \$ 61,277 increased the General Fund Balance in 2007.
- A new contract with Anthem Blue Cross/Blue Shield was signed with the hope of lowering health care cost for Staunton Township.

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 fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a 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.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

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 Government as a Whole

The statement of net assets and the statement of activities reflect how Staunton Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of Staunton Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program function. Program receipts include grants 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 Government's general receipts.

These statements report Staunton 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 Staunton Township's property tax base, the condition of the Township's roads, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, Staunton Township's basic services are reported here, including streets and fire protection. Intergovernmental revenue 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 Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. Staunton 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. All funds of the Township are governmental.

Governmental Funds - All of Staunton Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of Staunton 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. Staunton Township's governmental funds are presented on the financial statements in separate columns. The Township's governmental funds are the General Fund, Motor Vehicle Fund, Gasoline Fund, Road and Bridge Fund, Fire (1 mil) Fund, and Fire (4 mil) Fund.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

The Government as a Whole

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

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$1,089,926	\$896,792
Total Assets	<u>1,089,926</u>	<u>896,792</u>
Net Assets		
Unrestricted	1,089,926	896,792
Total Net Assets	<u>\$1,089,926</u>	<u>\$896,792</u>

As mentioned previously, net assets of governmental activities increased \$193,134 or 21.53 percent during 2007. The primary reasons contributing to the increase in cash balances are as follows:

- A new bridge was installed by the Miami County Engineers, not knowing Staunton Township's share of involvement, spending was held to a minimum.
- A new health care insurance company has also helped.

Table 2 reflects the changes in net assets in 2007.

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Receipts:		
Program Receipts:		
Operating Grants	\$ 94,266	\$ 95,573
General Receipts:		
Property and Other Local Taxes	215,692	209,514
Grants and Entitlements Not Restricted to a Specific Program	146,926	92,439
Interest	10,619	9,605
Miscellaneous	1,392	77
Total General Receipts	<u>374,629</u>	<u>311,635</u>
Total Receipts	<u>468,895</u>	<u>407,208</u>
Disbursements:		
General Government	71,177	102,739
Public Safety	125,436	124,768
Public Works	65,722	38,321
Health	13,426	16,453
Total Disbursements	<u>275,761</u>	<u>282,281</u>
Increase (Decrease) in Net Assets	193,134	124,927
Net Assets, January 1	<u>896,792</u>	<u>771,865</u>
Net Assets, December 31	<u>\$1,089,926</u>	<u>\$896,792</u>

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

Program receipts represent 20 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 80 percent of Staunton Township's total receipts, and of this amount, approximately 58 percent are local taxes. State grants and entitlements are 39 percent of total receipts. Other receipts are very insignificant and were 3 percent. These are somewhat unpredictable revenue sources.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government and Public Safety, which account for 26 and 45 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Receipts identify grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$ 71,177	(\$ 71,177)	\$102,739	(\$102,739)
Public Safety	125,436	(125,436)	124,768	(124,768)
Public Works	65,722	28,544	38,321	57,252
Health	13,426	(13,426)	16,453	(16,453)
Total Expenses	\$275,761	(\$181,495)	\$282,281	(\$186,708)

The Government's Funds

Total governmental funds had receipts of \$468,895 and disbursements of \$275,761. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased as the result of a large inheritance settlement.

Road and Bridge Fund receipts were less than disbursements by \$8,447 indicating that the Road and Bridge Fund had a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2008 including a new health insurance plan. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property remains stagnant or costs increase.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

General Fund Budgeting Highlights

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

During 2007, the difference between final budgeted receipts and actual receipts was \$73,913. The Inheritance Tax was the biggest change from years past for the General Fund.

Final disbursements were budgeted at \$133,774 while actual disbursements were \$84,621. Staunton Township tried to keep spending at minimum. The result is the increase in fund balance of \$74,546 for 2007.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a tight budget for 2008; therefore, Staunton Township implemented a strategy to help delay the deficit. This plan became effective for 2007. We reviewed our sources of revenue and determined that increases were unlikely.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Staunton 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 Michael E. DeWeese, Fiscal Officer, Staunton Township – Miami County, 1720 Troy-Urbana Road, Troy, Ohio 45373 (937) 339-5358.

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**STAUNTON TOWNSHIP
MIAMI COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$1,089,926</u></u>
Net Assets	
Unrestricted	<u>1,089,926</u>
Total Net Assets	<u><u>\$1,089,926</u></u>

See accompanying notes to the basic financial statements.

STAUNTON TOWNSHIP
Miami County

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

	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities	<u>Cash Disbursements</u>	
General Government	\$71,177	(\$71,177)
Public Safety	125,436	(125,436)
Public Works	65,722	28,544
Health	13,426	(13,426)
Total Governmental Activities	<u>275,761</u>	<u>(181,495)</u>
General Receipts		
Property Taxes Levied for:		
General Purposes		215,692
Grants and Entitlements not Restricted to Specific Programs		146,926
Interest		10,619
Miscellaneous		1,392
Total General Receipts		<u>374,629</u>
 Change in Net Assets		 193,134
 Net Assets Beginning of Year		 <u>896,792</u>
 Net Assets End of Year		 <u><u>\$1,089,926</u></u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>General</u>	<u>Motor Vehicle</u>	<u>Gasoline Fund</u>	<u>Road and Bridge</u>	<u>Fire (1 Mil) Fund</u>	<u>Fire (4 Mil) Fund</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	<u>\$123,066</u>	<u>\$59,872</u>	<u>\$283,845</u>	<u>\$83,572</u>	<u>\$97,602</u>	<u>\$441,969</u>	<u>\$1,089,926</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	123,066						123,066
Special Revenue Funds		59,872	283,845	83,572	97,602	441,969	966,860
Total Fund Balances	<u>\$123,066</u>	<u>\$59,872</u>	<u>\$283,845</u>	<u>\$83,572</u>	<u>\$97,602</u>	<u>\$441,969</u>	<u>\$1,089,926</u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>General</u>	<u>Motor Vehicle</u>	<u>Gasoline Fund</u>	<u>Road and Bridge</u>
Receipts				
Property and Other Local Taxes	\$23,611			\$19,644
Intergovernmental	124,187	\$5,286	\$88,980	2,310
Interest	9,977	160	482	
Other	1,392			
Total Receipts	<u>159,167</u>	<u>5,446</u>	<u>89,462</u>	<u>21,954</u>
Disbursements				
Current:				
General Government	71,177			
Public Safety	18			
Public Works		3,750	31,571	30,401
Health	13,426			
Total Disbursements	<u>84,621</u>	<u>3,750</u>	<u>31,571</u>	<u>30,401</u>
Net Change in Fund Balances	74,546	1,696	57,891	(8,447)
Fund Balances Beginning of Year	<u>48,520</u>	<u>58,176</u>	<u>225,954</u>	<u>92,019</u>
Fund Balances End of Year	<u>\$123,066</u>	<u>\$59,872</u>	<u>\$283,845</u>	<u>\$83,572</u>

See accompanying notes to the basic financial statements.

Fire (1 Mil) Fund	Fire (4 Mil) Fund	Governmental Funds
\$35,351	\$137,086	\$215,692
4,079	16,350	241,192
		10,619
		1,392
<u>39,430</u>	<u>153,436</u>	<u>468,895</u>
		71,177
28,308	97,110	125,436
		65,722
		13,426
<u>28,308</u>	<u>97,110</u>	<u>275,761</u>
11,122	56,326	193,134
86,480	385,643	896,792
<u>\$97,602</u>	<u>\$441,969</u>	<u>\$1,089,926</u>

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$22,966	\$22,966	\$23,611	\$645
Intergovernmental	62,288	62,288	124,187	61,899
Interest			9,977	9,977
Other			1,392	1,392
Total receipts	<u>85,254</u>	<u>85,254</u>	<u>159,167</u>	<u>73,913</u>
Disbursements				
Current:				
General Government	124,274	124,274	71,177	53,097
Public Safety			18	(18)
Health	9,500	9,500	13,426	(3,926)
Total Disbursements	<u>133,774</u>	<u>133,774</u>	<u>84,621</u>	<u>49,153</u>
Net Change in Fund Balance	(48,520)	(48,520)	74,546	123,066
Fund Balance Beginning of Year	<u>48,520</u>	<u>48,520</u>	<u>48,520</u>	
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$123,066</u>	<u>\$123,066</u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>(Optional) Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$5,100	\$5,100	\$5,286	\$186
Interest			160	160
Total receipts	<u>5,100</u>	<u>5,100</u>	<u>5,446</u>	<u>346</u>
Disbursements				
Current:				
Public Works	47,276	47,276	3,750	43,526
Capital Outlay	16,000	16,000		16,000
Total Disbursements	<u>63,276</u>	<u>63,276</u>	<u>3,750</u>	<u>59,526</u>
Net Change in Fund Balance	<u>(58,176)</u>	<u>(58,176)</u>	<u>1,696</u>	<u>59,872</u>
Fund Balance Beginning of Year	<u>58,176</u>	<u>58,176</u>	<u>58,176</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$59,872</u></u>	<u><u>\$59,872</u></u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>(Optional) Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$50,200	\$50,200	\$88,980	\$38,780
Interest			482	482
Total receipts	<u>50,200</u>	<u>50,200</u>	<u>89,462</u>	<u>39,262</u>
Disbursements				
Current:				
Public Works	96,154	96,154	31,571	64,583
Capital Outlay	180,000	180,000		180,000
Total Disbursements	<u>276,154</u>	<u>276,154</u>	<u>31,571</u>	<u>244,583</u>
Net Change in Fund Balance	(225,954)	(225,954)	57,891	283,845
Fund Balance Beginning of Year	<u>225,954</u>	<u>225,954</u>	<u>225,954</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$283,845</u></u>	<u><u>\$283,845</u></u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI 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**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$18,358	\$18,358	\$19,644	\$1,286
Intergovernmental	2,341	2,341	2,310	(31)
Other	128	128		(128)
Total receipts	<u>20,827</u>	<u>20,827</u>	<u>21,954</u>	<u>1,127</u>
Disbursements				
Current:				
Public Works	107,847	107,847	30,401	77,446
Capital Outlay	5,000	5,000		5,000
Total Disbursements	<u>112,847</u>	<u>112,847</u>	<u>30,401</u>	<u>82,446</u>
Net Change in Fund Balance	(92,020)	(92,020)	(8,447)	83,573
Fund Balance Beginning of Year	<u>92,019</u>	<u>92,019</u>	<u>92,019</u>	
Fund Balance End of Year	<u>(\$1)</u>	<u>(\$1)</u>	<u>\$83,572</u>	<u>\$83,573</u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE (1 MIL) FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$32,852	\$32,852	\$35,351	\$2,499
Intergovernmental	4,130	4,130	4,079	(51)
Other Revenue	256	256		(256)
Total receipts	<u>37,238</u>	<u>37,238</u>	<u>39,430</u>	<u>2,192</u>
Disbursements				
Current:				
Public Safety	45,719	45,719	28,308	17,411
Capital Outlay	78,000	78,000		78,000
Total Disbursements	<u>123,719</u>	<u>123,719</u>	<u>28,308</u>	<u>95,411</u>
Net Change in Fund Balance	(86,481)	(86,481)	11,122	97,603
Fund Balance Beginning of Year	<u>86,480</u>	<u>86,480</u>	<u>86,480</u>	
Fund Balance End of Year	<u>(\$1)</u>	<u>(\$1)</u>	<u>\$97,602</u>	<u>\$97,603</u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE (4 MIL) FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$131,666	\$131,666	\$137,086	\$5,420
Intergovernmental	16,555	16,555	16,350	(205)
Other	1,026	1,026		(1,026)
Total receipts	<u>149,247</u>	<u>149,247</u>	<u>153,436</u>	<u>4,189</u>
Disbursements				
Current:				
Public Safety	149,889	149,889	97,110	52,779
Capital Outlay	385,000	385,000		385,000
Total Disbursements	<u>534,889</u>	<u>534,889</u>	<u>97,110</u>	<u>437,779</u>
Net Change in Fund Balance	(385,642)	(385,642)	56,326	441,968
Fund Balance Beginning of Year	<u>385,642</u>	<u>385,642</u>	<u>385,643</u>	<u>1</u>
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$441,969</u></u>	<u><u>\$441,969</u></u>

See accompanying notes to the basic financial statements.

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**STAUNTON TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. REPORTING ENTITY

Staunton Township, Miami County, Ohio (the Township), is a body politic and corporate established January 25, 1819 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the City of Troy, City of Piqua, and Casstown Volunteer Fire Department for fire protection. Police protection is provided by the Miami 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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. Staunton Township does not have any component units.

C. Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA). Note 6 to the financial statements provides additional information for this entity.

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

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 and the fund financial statements for the proprietary funds, 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. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

Staunton Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. Governmental activities generally are financed through taxes, intergovernmental receipts or other none change transactions.

The statement of net assets presents the cash balance of the governmental activities of Staunton 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.

2. Fund Financial Statements

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

B. Fund Accounting

Staunton 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 all governmental.

1. Governmental Funds

Staunton 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, Motor Vehicle Fund, Gasoline Fund, Road and Bridge Fund, Fire Fund (1 mil), and Fire Fund (4 mil). 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.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

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

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

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

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

E. Cash and Investments

During 2007, Staunton Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost. Investments are managed by U.S. Bank in Troy, Ohio. 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 \$9,977.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Employer Contributions to Cost-Sharing Pension Plans

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

I. Fund Balance Reserves

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

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and major special revenues funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

4. DEPOSITS AND INVESTMENTS

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

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

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

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

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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 (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

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

A. 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 year end, \$989,926 of the Township's bank balance of \$1,089,926 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.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2007, Staunton Township had the following certificates of deposit:

	<u>Carrying Value</u>	<u>Maturity</u>
Certificate of Deposit	\$ 50,000	Mar. 15, 2008
Certificate of Deposit	100,000	Jun. 09, 2008
Certificate of Deposit	75,000	Jun. 23, 2008
Total Portfolio	<u>\$225,000</u>	

5. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 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. 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 represent the collection of 2006 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 property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 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 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 \$64.69 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	\$31,312,620
Agriculture	5,294,010
Commercial/Industrial/Mineral	969,870
Public Utility Property	
Real	32,530
Personal	3,474,840
Tangible Personal Property	119,950
Total Assessed Value	<u>\$41,203,820</u>

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

A. Casualty Coverage

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

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

B. Property Coverage

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

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

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

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

C. Financial Position

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

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

6. RISK MANAGEMENT (Continued)

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

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$2,590. 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	\$3,679
2006	\$3,282
2007	\$2,759

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.

7. DEFINED BENEFIT PENSION PLAN

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

7. DEFINED BENEFIT PENSION PLAN (Continued)

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members contributed 9.5 percent of covered payroll. The Township's contribution rate for 2007 was 13.85 percent.

8. POST-EMPLOYMENT BENEFITS

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

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**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

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

Highlights

Key highlights for 2006 are as follows:

- Net assets of governmental activities increased \$124,927, or 16.19 percent, a small change from the prior year. Road repair was delayed so more funds would be available to complete the project the next year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased health insurance costs in 2006;
- Staunton Township's general receipts are primarily property taxes. These receipts represent 51 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 changed very little compared to 2005 as development within the Township has not increased. The major change in costs was the health care increase from Medical Mutual.

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 fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a 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.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how Staunton Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of Staunton Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include grants restricted to meeting the operational 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 Staunton 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 Staunton Township's property tax base, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, Staunton Township's basic services are reported here, including streets and fire protection. Intergovernmental revenue 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 Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. Staunton 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. All funds of the Township are governmental.

Governmental Funds - All of Staunton Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of Staunton 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. Staunton Township's governmental funds are presented on the financial statements in separate columns. The Township's governmental funds are the General Fund, Motor Vehicle Fund, Gasoline Fund, Road and Bridge Fund, Fire (1mil) Fund and the Fire (4 mil) Fund.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

The Government as a Whole

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

**(Table 1)
Net Assets**

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	896,792	771,865
Total Assets	<u>\$896,792</u>	<u>\$771,865</u>
Net Assets		
Restricted for:		
Unrestricted	896,792	771,865
Total Net Assets	<u>\$896,792</u>	<u>\$771,865</u>

As mentioned previously, net assets of governmental activities increased \$124,927 or 16.19 percent during 2006. The primary reasons contributing to the increase in cash balances are as follows:

- A new bridge was installed by the Miami County Engineers, not knowing Staunton Township's share of involvement, a Road Project was delayed till next year.

Table 2 reflects the changes in net assets in 2006.

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

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Operating Grants and Contributions	\$95,573	\$102,840
Total Program Receipts	<u>95,573</u>	<u>102,840</u>
General Receipts:		
Property and Other Local Taxes	209,514	205,962
Grants and Entitlement Not Restricted to a Specific Program	92,439	87,343
Interest	9,605	6,480
Miscellaneous	77	132
Total General Receipts	<u>311,635</u>	<u>299,917</u>
Total Receipts	<u>407,208</u>	<u>402,757</u>

(Continued)

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

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

	Governmental Activities 2006	Governmental Activities 2005
Disbursements:		
General Government	102,739	101,400
Public Safety	124,768	105,209
Health	16,453	16,315
Public Works	38,321	22,418
Capital Outlay (Roads)		94,535
Total Disbursements	<u>282,281</u>	<u>339,877</u>
Increase in Net Assets	124,927	62,880
Net Assets, January 1	771,865	708,985
Net Assets, December 31	<u>\$896,792</u>	<u>\$771,865</u>

Program receipts represent 23.5 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 76.5 percent of Staunton Township's total receipts, and of this amount, 67 percent are local taxes. Grants and entitlements are 30 percent. Other receipts are very insignificant at 3 percent. These are somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, and Fiscal Officer. Since these costs do not represent direct services to residents, they were limited to 33 percent of General Fund unrestricted receipts.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government and Public Safety, which account for 36 and 44 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Receipts identifies grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2006	Net Cost Of Services 2006	Total Cost of Services 2005	Net Cost Of Services 2005
General Government	\$102,739	(\$102,739)	\$101,400	(\$101,400)
Public Safety	124,768	(124,768)	105,209	(83,904)
Health	16,453	(16,453)	16,315	(16,315)
Public Works	38,321	57,252	16,953	(35,418)
Total Expenses	<u>\$282,281</u>	<u>(\$186,708)</u>	<u>\$339,877</u>	<u>(\$237,037)</u>

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

The Government's Funds

Total governmental funds had receipts of \$407,208 and disbursements of \$282,281. The greatest change within governmental funds occurred within the General Fund. General Fund receipts were less than disbursements by \$17,246 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions were implemented during 2007, including new health insurance plan. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

General Fund Budgeting Highlights

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

During 2006, the difference between final budgeted receipts and actual receipts was \$17,000. This variance was due to not budgeting for interest and more intergovernmental revenues being received than anticipated.

Final disbursements were budgeted at \$151,569 while actual disbursements were \$119,210. Staunton Township tried to keep spending at minimum.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a tight budget for 2007; therefore, Staunton Township implemented a strategy to help delay the deficit. This plan became effective for 2007. We reviewed our sources of revenue and determined that increases were unlikely.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of Staunton 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 Michael E. DeWeese, Fiscal Officer, Staunton Township – Miami County, 1720 Troy-Urbana Road, Troy, Ohio 45373. (937) 339-5358.

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**STAUNTON TOWNSHIP
MIAMI COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$896,792</u>
Net Assets	
Unrestricted	<u>896,792</u>
Total Net Assets	<u>\$896,792</u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities	<u>Cash Disbursements</u>	
General Government	\$102,739	(\$102,739)
Public Safety	124,768	(124,768)
Public Works	38,321	57,252
Health	16,453	(16,453)
Total Governmental Activities	<u>282,281</u>	<u>(186,708)</u>
General Receipts		
Property Taxes Levied for:		
General Purposes		209,514
Grants and Entitlements not Restricted to Specific Programs		92,439
Interest		9,605
Miscellaneous		77
Total General Receipts		<u>311,635</u>
 Change in Net Assets		 124,927
 Net Assets Beginning of Year		 <u>771,865</u>
 Net Assets End of Year		 <u><u>\$896,792</u></u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>General</u>	<u>Motor Vehicle</u>	<u>Gasoline Fund</u>	<u>Road and Bridge</u>	<u>Fire (1 Mil) Fund</u>	<u>Fire (4 Mil) Fund</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$48,520	\$58,176	\$225,954	\$92,019	\$86,480	\$385,643	\$896,792
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	48,520						48,520
Special Revenue Funds		58,176	225,954	92,019	86,480	385,643	848,272
Total Fund Balances	<u>\$48,520</u>	<u>\$58,176</u>	<u>\$225,954</u>	<u>\$92,019</u>	<u>\$86,480</u>	<u>\$385,643</u>	<u>\$896,792</u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>General</u>	<u>Motor Vehicle</u>	<u>Gasoline Fund</u>
Receipts			
Property and Other Local Taxes	\$22,923		
Intergovernmental	70,100	\$5,369	\$90,203
Interest	8,884	180	541
Other	57		
Total Receipts	<u>101,964</u>	<u>5,549</u>	<u>90,744</u>
Disbursements			
Current:			
General Government	102,739		
Public Safety	18		
Public Works		1,477	12,415
Health	16,453		
Total Disbursements	<u>119,210</u>	<u>1,477</u>	<u>12,415</u>
Net Change in Fund Balances	(17,246)	4,072	78,329
Fund Balances Beginning of Year	<u>65,766</u>	<u>54,104</u>	<u>147,625</u>
Fund Balances End of Year	<u>\$48,520</u>	<u>\$58,176</u>	<u>\$225,954</u>

See accompanying notes to the basic financial statements.

Road and Bridge	Fire (1 Mil) Fund	Fire (4 Mil) Fund	Governmental Funds
\$19,177	\$34,575	\$132,839	\$209,514
2,266	4,008	16,066	188,012
			9,605
		20	77
<u>21,443</u>	<u>38,583</u>	<u>148,925</u>	<u>407,208</u>
			102,739
	27,690	97,060	124,768
24,429			38,321
			16,453
<u>24,429</u>	<u>27,690</u>	<u>97,060</u>	<u>282,281</u>
(2,986)	10,893	51,865	124,927
<u>95,005</u>	<u>75,587</u>	<u>333,778</u>	<u>771,865</u>
<u>\$92,019</u>	<u>\$86,480</u>	<u>\$385,643</u>	<u>\$896,792</u>

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$22,844	\$22,844	\$22,923	\$79
Intergovernmental	62,120	62,120	70,100	7,980
Interest			8,884	8,884
Other			57	57
Total receipts	<u>84,964</u>	<u>84,964</u>	<u>101,964</u>	<u>17,000</u>
Disbursements				
Current:				
General Government	141,569	141,569	102,739	38,830
Public Safety			18	(18)
Health	10,000	10,000	16,453	(6,453)
Total Disbursements	<u>151,569</u>	<u>151,569</u>	<u>119,210</u>	<u>32,359</u>
Net Change in Fund Balance	(66,605)	(66,605)	(17,246)	49,359
Fund Balance Beginning of Year	<u>65,766</u>	<u>65,766</u>	<u>65,766</u>	
Fund Balance End of Year	<u>(\$839)</u>	<u>(\$839)</u>	<u>\$48,520</u>	<u>\$49,359</u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$5,100	\$5,100	\$5,369	\$269
Interest			180	180
Total receipts	<u>5,100</u>	<u>5,100</u>	<u>5,549</u>	<u>449</u>
Disbursements				
Current:				
Public Works	39,204	39,204	1,477	37,727
Capital Outlay	20,000	20,000		20,000
Total Disbursements	<u>59,204</u>	<u>59,204</u>	<u>1,477</u>	<u>57,727</u>
Net Change in Fund Balance	<u>(54,104)</u>	<u>(54,104)</u>	<u>4,072</u>	<u>58,176</u>
Fund Balance Beginning of Year	<u>54,104</u>	<u>54,104</u>	<u>54,104</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$58,176</u></u>	<u><u>\$58,176</u></u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Intergovernmental	\$50,200	\$50,200	\$90,203	\$40,003
Interest			541	541
Total receipts	<u>50,200</u>	<u>50,200</u>	<u>90,744</u>	<u>40,544</u>
Disbursements				
Current:				
Public Works	51,825	51,825	12,415	39,410
Capital Outlay	<u>146,000</u>	<u>146,000</u>		<u>146,000</u>
Total Disbursements	<u>197,825</u>	<u>197,825</u>	<u>12,415</u>	<u>185,410</u>
Net Change in Fund Balance	(147,625)	(147,625)	78,329	225,954
Fund Balance Beginning of Year	<u>147,625</u>	<u>147,625</u>	<u>147,625</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$225,954</u></u>	<u><u>\$225,954</u></u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI 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**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$18,263	\$18,263	\$19,177	\$914
Intergovernmental	2,323	2,323	2,266	(57)
Total receipts	<u>20,586</u>	<u>20,586</u>	<u>21,443</u>	<u>857</u>
Disbursements				
Current:				
Public Works	110,736	110,736	24,429	86,307
Capital Outlay	5,000	5,000		5,000
Total Disbursements	<u>115,736</u>	<u>115,736</u>	<u>24,429</u>	<u>91,307</u>
Net Change in Fund Balance	(95,150)	(95,150)	(2,986)	92,164
Fund Balance Beginning of Year	<u>95,005</u>	<u>95,005</u>	<u>95,005</u>	
Fund Balance End of Year	<u>(\$145)</u>	<u>(\$145)</u>	<u>\$92,019</u>	<u>\$92,164</u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE (1 MIL) FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$32,824	\$32,824	\$34,575	\$1,751
Intergovernmental	4,033	4,033	4,008	(25)
Total receipts	<u>36,857</u>	<u>36,857</u>	<u>38,583</u>	<u>1,726</u>
Disbursements				
Current:				
Public Safety	45,699	45,699	27,690	18,009
Capital Outlay	67,000	67,000		67,000
Total Disbursements	<u>112,699</u>	<u>112,699</u>	<u>27,690</u>	<u>85,009</u>
Net Change in Fund Balance	(75,842)	(75,842)	10,893	86,735
Fund Balance Beginning of Year	<u>75,586</u>	<u>75,586</u>	<u>75,587</u>	<u>1</u>
Fund Balance End of Year	<u>(\$256)</u>	<u>(\$256)</u>	<u>\$86,480</u>	<u>\$86,736</u>

See accompanying notes to the basic financial statements.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE (4 MIL) FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$131,547	\$131,547	\$132,839	\$1,292
Intergovernmental	16,166	16,166	16,066	(100)
Other			20	20
Total receipts	<u>147,713</u>	<u>147,713</u>	<u>148,925</u>	<u>1,212</u>
Disbursements				
Current:				
Public Safety	150,517	150,517	97,060	53,457
Capital Outlay	332,000	332,000		332,000
Total Disbursements	<u>482,517</u>	<u>482,517</u>	<u>97,060</u>	<u>385,457</u>
Net Change in Fund Balance	(334,804)	(334,804)	51,865	386,669
Fund Balance Beginning of Year	<u>333,778</u>	<u>333,778</u>	<u>333,778</u>	
Fund Balance End of Year	<u>(\$1,026)</u>	<u>(\$1,026)</u>	<u>\$385,643</u>	<u>\$386,669</u>

See accompanying notes to the basic financial statements.

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**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

1. REPORTING ENTITY

Staunton Township, Miami County, Ohio (the Township), is a body politic and corporate established January 25, 1819 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the City of Troy, City of Piqua, and Casstown Volunteer Fire Department for fire protection. Police protection is provided by the Miami 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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. Staunton Township does not have any component units.

C. Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA). Note 7 to the financial statements provides additional information for this entity.

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

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. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

Staunton 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.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-Wide Financial Statements

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

The statement of net assets presents the cash balance of the governmental activities of Staunton 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.

2. Fund Financial Statements

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

B. Fund Accounting

Staunton 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 all governmental.

1. Governmental Funds

Staunton Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Motor Vehicle Fund, Gasoline Fund, Road Bridge Fund, Fire Fund (1 mil) and the Fire Fund (4 mil). 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.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

D. Budgetary Process

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

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

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

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

E. Cash and Investments

During 2006 Staunton Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost. Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$8,884.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Employer Contributions to Cost-Sharing Pension Plans

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

I. Fund Balance Reserves

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

3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column.

4. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances and are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

5. DEPOSITS AND INVESTMENTS

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

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

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

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 (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Township had no un-deposited cash on hand.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

A. 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 year end, \$796,892 of the Township's bank balance of \$896,892 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.

6. PROPERTY TAXES

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

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

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

The full tax rate for all Township operations for the year ended December 31, 2006, was \$65 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	\$31,312,620
Agriculture	5,294,010
Commercial/Industrial/Mineral	969,870
Public Utility Property	32,530
Real	
Personal	3,474,840
Tangible Personal Property	119,950
Total Assessed Value	<u>\$41,203,820</u>

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

A. Casualty Coverage

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

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

B. Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

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

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

7. RISK MANAGEMENT (Continued)

C. Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

Casualty Coverage	2006	2005
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Net Assets	<u>\$20,587,360</u>	<u>\$18,141,062</u>

Property Coverage	2006	2005
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Net Assets	<u>\$ 9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, liabilities above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, 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 \$6,564. 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	\$3,679
2006	\$3,282

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.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

8. DEFINED BENEFIT PENSION PLAN

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2006, members contributed 9 percent of covered payroll. The Township's contribution rate for 2006 was 13.7 percent.

9. POST-EMPLOYMENT BENEFITS

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment healthcare.

**STAUNTON TOWNSHIP
MIAMI COUNTY**

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

9. POST-EMPLOYMENT BENEFITS (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2006, local government employers contributed 13.7 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.



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*

Staunton Township
Miami County
1720 Troy-Urbana Road
Troy, Ohio 45373

To the Township Board of Trustees:

We have audited the financial statements of the governmental activities and each major fund of Staunton Township, Miami County, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 29, 2008, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted other matters that we reported to the Township's management in a separate letter dated October 29, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated October 29, 2008.

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

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

Mary Taylor, CPA
Auditor of State

October 29, 2008



Mary Taylor, CPA
Auditor of State

STAUNTON TOWNSHIP

MIAMI 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
DECEMBER 2, 2008**