



Mary Taylor, CPA
Auditor of State

GOSHEN TOWNSHIP
MAHONING COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Goshen Township
Mahoning County
14003 South Range Road
Salem, Ohio 44460

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goshen Township, Mahoning County, (the Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Goshen Township, Mahoning County, Ohio as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Police District Fund, and OVI Task Force Fund, thereof, for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 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 January 22, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

January 22, 2009

Goshen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This discussion and analysis of the Goshen 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 \$55,939, or 18 percent, a significant change from the prior year. The, General Fund and Police District Fund had significant decreases in cash, while Gasoline Tax Fund, Road & Bridge Fund, OVI Task Force Fund and other governmental funds had substantial increases.

The Township's general receipts are primarily property and other taxes. These receipts represent 42 percent of the total cash received for governmental activities during the year.

The Township purchased the Goshen Center Elementary School to house the administrative offices and the police department. There is also a gymnasium and a meeting area that is rented to the public.

The Township's Police District Fund purchased two new cruisers and the Township began work on the Bricker Walking Park.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

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

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

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.

Goshen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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

Reporting the Township as a Whole

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

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

All governmental activities are reported in the statement of net assets and the statement of activities.

Governmental activities - Most of the Township's basic services are reported here, including police, fire, streets, recycling, and parks. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

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

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

Goshen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township 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	\$366,430	\$310,491
Total Assets	\$366,430	\$310,491
Net Assets		
Restricted for:		
Other Purposes	290,108	173,453
Unrestricted	76,322	137,038
Total Net Assets	\$366,430	\$310,491

As mentioned previously, net assets of governmental activities increased \$55,939 or 18 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- An increase in the amount of the OVI grant and administrative fees paid to the Township.
- A grant for the Township to purchase the Goshen Center School from West Branch School District.
- An increase in the amount of charges for services in the Police District Fund for contracts with other government entities.

Table 2 reflects the changes in net assets on a cash basis in 2006 for governmental activities. Since the Township did not prepare financial statements in this format in 2005, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Goshen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities
	2006
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$363,559
Operating Grants and Contributions	72,234
Capital Grants and Contributions	123,306
Total Program Receipts	559,099
General Receipts:	
Property and Other Local Taxes	593,814
Grants and Entitlements Restricted to Specific Programs	191,620
Interest	8,419
Miscellaneous	52,970
Total General Receipts	846,823
Total Receipts	1,405,922
Disbursements:	
General Government	309,110
Public Safety	682,287
Public Works	116,131
Health	9,354
Conservation-Recreation	100
Capital Outlay	191,184
Debt Service:	
Principal Retirement	39,633
Interest and Fiscal Charges	2,184
Total Disbursements	1,349,983
Increase (Decrease) in Net Assets	55,939
Net Assets, January 1	310,491
Net Assets, December 31	\$366,430

Program receipts represent 40 percent of total receipts and are comprised primarily of charges to local governments for police services provided under contract and state grants restricted for a specific purpose.

General receipts represent 60 percent of the Township's total receipts, and of this amount, over 70 percent are property and other taxes. State grants and entitlements make up 23 percent of the Township's general receipts. Other receipts are somewhat insignificant and somewhat unpredictable revenue sources.

Goshen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 the Board of Trustees and the Fiscal Officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to a minimal percent of General Fund unrestricted receipts.

Public Safety is the cost of the police and fire protection; Health is the health department; and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety and public works, which account for 54 and 8 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$309,110	\$213,834
Public Safety	682,287	352,988
Public Works	116,131	111,535
Health	9,354	4,699
Conservation - Recreation	100	(10,083)
Capital Outlay	191,184	76,094
Principal Retirement	39,633	39,633
Interest and Fiscal Charges	2,184	2,184
Total Expenses	\$1,349,983	\$790,884

The dependence upon property and income tax receipts is apparent as over 58 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$1,405,922 and disbursements of \$1,349,983. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$60,716 as the result of a drop in revenues and the need to fund the police department operations.

Goshen Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

General Fund Budgeting Highlights

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

During 2006, the General Fund's actual receipts were significantly below the estimated budgeted receipts. Appropriations were not amended which resulted in the actual expenditures exceeding the budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure

Debt

At December 31, 2006, the Township's outstanding debt included \$161,264 in general obligation notes and loans and \$16,297 in capital leases. For further information regarding the Township's debt, refer to Notes 11 & 12 to the basic financial statements.

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.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Thomas Knoedler, Fiscal Officer, Goshen Township, 14003 W. South Range Rd., Salem, Ohio 44460-9127.

Goshen Township
Mahoning County
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$366,430</u>
<i>Total Assets</i>	<u><u>\$366,430</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$290,108
Unrestricted	<u>76,322</u>
<i>Total Net Assets</i>	<u><u>\$366,430</u></u>

See accompanying notes to the basic financial statements

Goshen Township
Mahoning County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$309,110	\$95,276			(\$213,834)
Public Safety	682,287	259,032	70,267		(352,988)
Public Works	116,131	4,596			(111,535)
Health	9,354	4,655			(4,699)
Conservation-Recreation	100		1,967	\$8,216	10,083
Capital Outlay	191,184			115,090	(76,094)
Debt Service:					
Principal Retirement	39,633				(39,633)
Interest and Fiscal Charges	2,184				(2,184)
Total	<u>\$1,349,983</u>	<u>\$363,559</u>	<u>\$72,234</u>	<u>\$123,306</u>	<u>(790,884)</u>
		General Receipts			
		Property Taxes Levied for:			
		General Purposes			477,550
		Other Taxes			116,264
		Grants and Entitlements not Restricted to Specific Programs			191,620
		Interest			8,419
		Sale of Notes			44,909
		Miscellaneous			8,061
		<i>Total General Receipts</i>			<u>846,823</u>
		Change in Net Assets			55,939
		<i>Net Assets Beginning of Year</i>			<u>310,491</u>
		<i>Net Assets End of Year</i>			<u>\$366,430</u>

See accompanying notes to the basic financial statements

**Goshen Township
Mahoning County**
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Gasoline Tax	Road and Bridge	Police District	OVI Task Force	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$76,322	\$53,184	\$56,272	\$4,633	\$72,225	\$103,794	\$366,430
<i>Total Assets</i>	<u>\$76,322</u>	<u>\$53,184</u>	<u>\$56,272</u>	<u>\$4,633</u>	<u>\$72,225</u>	<u>\$103,794</u>	<u>\$366,430</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances				\$29			\$29
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$76,322						76,322
Special Revenue Funds		\$53,184	\$56,272	4,604	\$72,225	\$103,794	290,079
<i>Total Fund Balances</i>	<u>\$76,322</u>	<u>\$53,184</u>	<u>\$56,272</u>	<u>\$4,633</u>	<u>\$72,225</u>	<u>\$103,794</u>	<u>\$366,430</u>

See accompanying notes to the basic financial statements

Goshen Township
Mahoning County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road and Bridge	Police District	OVI Task Force	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$97,225		\$57,760	\$234,862		\$87,703	\$477,550
Charges for Services	30,857			145,556	\$13,476		189,889
Licenses, Permits and Fees	18,970			1,747		9,390	30,107
Fines and Forfeitures	36,059						36,059
Intergovernmental	97,469	\$91,195	11,241	73,940		207,487	481,332
Special Assessments						4,596	4,596
Earnings on Investments	8,419						8,419
Other	1,671	2,352		2,061		1,977	8,061
<i>Total Receipts</i>	<u>290,670</u>	<u>93,547</u>	<u>69,001</u>	<u>458,166</u>	<u>13,476</u>	<u>311,153</u>	<u>1,236,013</u>
Disbursements							
Current:							
General Government	274,241					34,869	309,110
Public Safety				490,497	41,623	150,167	682,287
Public Works	1,000	73,154	33,977			8,000	116,131
Health	5,643					3,711	9,354
Conservation-Recreation	100						100
Capital Outlay	73,494					117,690	191,184
Debt Service:							
Principal Retirement	39,633						39,633
Interest and Fiscal Charges	2,184						2,184
<i>Total Disbursements</i>	<u>396,295</u>	<u>73,154</u>	<u>33,977</u>	<u>490,497</u>	<u>41,623</u>	<u>314,437</u>	<u>1,349,983</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(105,625)</u>	<u>20,393</u>	<u>35,024</u>	<u>(32,331)</u>	<u>(28,147)</u>	<u>(3,284)</u>	<u>(113,970)</u>
Other Financing Sources (Uses)							
Advances In	107,000				71,000	36,000	214,000
Advances Out	(107,000)				(71,000)	(36,000)	(214,000)
Sale of Notes	44,909				100,000	25,000	169,909
<i>Total Other Financing Sources (Uses)</i>	<u>44,909</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>25,000</u>	<u>169,909</u>
<i>Net Change in Fund Balances</i>	<u>(60,716)</u>	<u>20,393</u>	<u>35,024</u>	<u>(32,331)</u>	<u>71,853</u>	<u>21,716</u>	<u>55,939</u>
<i>Fund Balances Beginning of Year</i>	<u>137,038</u>	<u>32,791</u>	<u>21,248</u>	<u>36,964</u>	<u>372</u>	<u>82,078</u>	<u>310,491</u>
<i>Fund Balances End of Year</i>	<u>\$76,322</u>	<u>\$53,184</u>	<u>\$56,272</u>	<u>\$4,633</u>	<u>\$72,225</u>	<u>\$103,794</u>	<u>\$366,430</u>

See accompanying notes to the basic financial statements

**Goshen Township
Mahoning County**

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

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$97,000	\$119,115	\$97,225	(\$21,890)
Charges for Services	29,000	72,039	30,857	(41,182)
Licenses, Permits and Fees	300	2,484	18,970	16,486
Fines and Forfeitures	10,000	24,841	36,059	11,218
Intergovernmental	49,720	124,205	97,469	(26,736)
Interest	1,000	2,484	8,419	5,935
Other	9,229	22,357	1,671	(20,686)
<i>Total receipts</i>	<u>196,249</u>	<u>367,525</u>	<u>290,670</u>	<u>(76,855)</u>
Disbursements				
Current:				
General Government	257,145	257,145	274,241	(17,096)
Public Safety	2,000	2,000		2,000
Public Works	3,500	3,500	1,000	2,500
Health	6,466	6,466	5,643	823
Conservation-Recreation	200	200	100	100
Capital Outlay	52,000	52,000	73,494	(21,494)
Debt Service:				
Principal Retirement			39,633	(39,633)
Interest and Fiscal Charges			2,184	(2,184)
<i>Total Disbursements</i>	<u>321,311</u>	<u>321,311</u>	<u>396,295</u>	<u>(74,984)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(125,062)</u>	<u>46,214</u>	<u>(105,625)</u>	<u>(151,839)</u>
Other Financing Sources (Uses)				
Sale of Notes			44,909	44,909
Advances In		20,000	107,000	87,000
Advances Out	(100)	(50,000)	(107,000)	(57,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(100)</u>	<u>(30,000)</u>	<u>44,909</u>	<u>74,909</u>
<i>Net Change in Fund Balance</i>	(125,162)	16,214	(60,716)	(76,930)
<i>Fund Balance Beginning of Year</i>	<u>137,038</u>	<u>137,038</u>	<u>137,038</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$11,876</u>	<u>\$153,252</u>	<u>\$76,322</u>	<u>(\$76,930)</u>

See accompanying notes to the basic financial statements

**Goshen Township
Mahoning County**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$65,000	\$59,800	\$91,195	\$31,395
Interest	100	100		(100)
Other	100	100	2,352	2,252
<i>Total Receipts</i>	<u>65,200</u>	<u>60,000</u>	<u>93,547</u>	<u>33,547</u>
Disbursements				
Current:				
Public Works	92,590	92,590	73,154	19,436
Capital Outlay	200	200		200
<i>Total Disbursements</i>	<u>92,790</u>	<u>92,790</u>	<u>73,154</u>	<u>19,636</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(27,590)	(32,790)	20,393	53,183
<i>Fund Balance Beginning of Year</i>	<u>32,791</u>	<u>32,791</u>	<u>32,791</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,201</u>	<u>\$1</u>	<u>\$53,184</u>	<u>\$53,183</u>

See accompanying notes to the basic financial statements

**Goshen Township
Mahoning County**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$42,000	\$59,557	\$57,760	(\$1,797)
Intergovernmental	8,000	6,641	11,241	4,600
<i>Total Receipts</i>	<u>50,000</u>	<u>66,198</u>	<u>69,001</u>	<u>2,803</u>
Disbursements				
Current:				
Public Works	87,446	87,446	33,977	53,469
<i>Total Disbursements</i>	<u>87,446</u>	<u>87,446</u>	<u>33,977</u>	<u>53,469</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(37,446)	(21,248)	35,024	56,272
<i>Fund Balance Beginning of Year</i>	<u>21,248</u>	<u>21,248</u>	<u>21,248</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$16,198)</u>	<u>\$0</u>	<u>\$56,272</u>	<u>\$56,272</u>

See accompanying notes to the basic financial statements

**Goshen Township
Mahoning County**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$225,000	\$242,255	\$234,862	(\$7,393)
Charges for Services	100,000	187,972	145,556	(42,416)
Licenses, Permits and Fees	500	1,500	1,747	247
Intergovernmental	30,000	60,781	73,940	13,159
Other	1,000	1,000	2,061	1,061
<i>Total receipts</i>	<u>356,500</u>	<u>493,508</u>	<u>458,166</u>	<u>(35,342)</u>
Disbursements				
Current:				
Public Safety	520,471	424,970	490,526	(65,556)
<i>Total Disbursements</i>	<u>520,471</u>	<u>424,970</u>	<u>490,526</u>	<u>(65,556)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(163,971)</u>	<u>68,538</u>	<u>(32,360)</u>	<u>(100,898)</u>
Other Financing Sources (Uses)				
Advances In	10,000	10,000		(10,000)
Advances Out	(10,000)	(10,000)		10,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(163,971)	68,538	(32,360)	(100,898)
<i>Fund Balance Beginning of Year</i>	36,935	36,935	36,935	0
Prior Year Encumbrances Appropriated	29	29	29	0
<i>Fund Balance End of Year</i>	<u>(\$127,007)</u>	<u>\$105,502</u>	<u>\$4,604</u>	<u>(\$100,898)</u>

See accompanying notes to the basic financial statements

Goshen Township
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
OVI Task Force Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services			\$ 13,476	\$ 13,476
<i>Total Receipts</i>	0	0	13,476	13,476
Disbursements				
Current:				
Public Safety	157,453	41,553	41,623	(70)
<i>Total Disbursements</i>	157,453	41,553	41,623	(70)
<i>Excess of Receipts Over (Under) Disbursements</i>	(157,453)	(41,553)	(28,147)	13,406
Other Financing Sources (Uses)				
Sale of Note			100,000	100,000
Advances In	20,000	20,000	71,000	51,000
Advances Out	(30,000)	(30,000)	(71,000)	(41,000)
<i>Total Other Financing Sources (Uses)</i>	(10,000)	(10,000)	100,000	110,000
<i>Net Change in Fund Balance</i>	(167,453)	(51,553)	71,853	123,406
<i>Fund Balance Beginning of Year</i>	372	372	372	0
<i>Fund Balance End of Year</i>	(\$167,081)	(\$51,181)	\$72,225	\$123,406

See accompanying notes to the basic financial statements

Goshen Township
Mahoning County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$12,592
<i>Total Assets</i>	<u>\$12,592</u>
Net Assets	
Unrestricted	<u>\$12,592</u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

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

The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and police services. The Township contracts with the City of Sebring for fire protection.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are as follows:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Police District Fund – This fund receives property tax money for providing police protection services and equipment.

OVI Task Force Fund - This fund receives State of Ohio grant monies to assist the police force with financing necessary to perform DUI traffic stops.

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

Fiduciary Funds

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for other governments. The Township's agency fund accounts for OVI Task Force monies that belong to other governmental entities.

C. Basis of Accounting

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

D. Budgetary Process

All funds, 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.

E. Cash and Investments

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

Investments of the cash management pool with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. The Township had no investments at December 31, 2006.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2006, the Township invested in repurchase agreements and STAR Ohio. The repurchase agreements are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006.

Note 2 - Summary of Significant Accounting Policies (continued)

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 \$8,419 which includes \$7,577 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township had no restricted assets at December 31, 2006.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 2 - Summary of Significant Accounting Policies (continued)

N. Fund Balance Reserves

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

Note 3 – Change in Basis of Accounting

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Legal Compliance

There were noncompliance issues pertaining to the Ohio Administrative Code and the Ohio Revised Code that were included in the accompanying schedule of findings. These issues relate to accounting and reporting, certification of availability of funds, and maintaining accurate and complete Township records.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Police District Fund, and OVI Task Force 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 which are treated as disbursements (budgetary basis) rather as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$29 for the Police District Fund.

Note 6 – Deposits and Investments

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

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

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

Note 6 - Deposits and Investments (continued)

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 \$200 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash equivalents" on the financial statements.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Library will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Township was not exposed to custodial credit risk because the entire bank balance of \$15,569 was insured by the Federal Deposit Insurance Corporation.

Goshen Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 6 - Deposits and Investments (continued)

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

Investments

As of December 31, 2006, the Township had the following investments:

	Carrying Value	Maturity
STAR Ohio	\$40,321	Less than 6 months
Repurchase Agreement	460,887	Less than 6 months
	\$501,208	

Interest rate risk: Interest rate risk arises because the fair value of investment changes as interest rates change. The Township has no investment policy dealing with investment credit risk beyond the requirements in State statutes. State statutes limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit risk: STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Concentration of credit risk: The Township places no limit on the amount that may be invested in any one issuer. The following is the Township's allocation as of December 31, 2006:

	Carrying Value	% of Total
STAR Ohio	\$40,321	8.0
Repurchase Agreement	460,887	92.0
	\$501,208	

Goshen Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 7 – Property Taxes

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

2006 real property taxes are 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. 2006 real property taxes are collected in and intended to finance 2007.

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien on December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2006 was \$7.7 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$	43,412,590
Public Utility Property		2,979,560
Tangible Personal Property		3,224,778
Total Assessed Values	\$	<u>49,616,928</u>

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

Note 8– Risk Management

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

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.

Goshen Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 8– Risk Management (continued)

Casualty Coverage

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

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

Property Coverage

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

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

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

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

Financial Position

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

	<u>2006</u>	<u>2005</u>
Assets	\$42,042,275	\$39,663,434
Liabilities	<u>(12,120,661)</u>	<u>(13,750,607)</u>
Net Assets	<u>\$29,921,614</u>	<u>\$25,912,827</u>

Goshen Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 8– Risk Management (continued)

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 \$16,408. 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	
2004	\$15,238
2005	\$16,975
2006	\$17,455

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

Note 9 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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

Note 9 – Defined Benefit Pension Plan (continued)

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The Township's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004, were \$77,995, \$58,650, and \$46,630 respectively; 100% percent has been contributed for 2006, 2005 and 2004.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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.

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 2006, local government employers contributed 13.7 percent of covered payroll; 16.93 percent for public safety and law enforcement. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 4.5 percent.

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.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2006, 2005, and 2004 were \$20,779, \$15,249, and \$12,124 respectively; 100 percent has been contributed for 2006, 2005 and 2004.

Goshen Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 10 - Postemployment Benefits (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006 which allowed additional funds to be allocated to the healthcare plan.

Note 11 – Debt

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

<u>Governmental Activities</u>	Balance <u>12/31/05</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/06</u>	Amount Due <u>in One Year</u>
General Obligation Note	\$0	\$24,289	(\$8,645)	\$15,644	\$8,645
General Obligation Note	0	20,620	0	20,620	5,158
Task Force Loan	<u>0</u>	<u>125,000</u>	<u>0</u>	<u>125,000</u>	<u>125,000</u>
Total governmental activities long-term obligations	<u>\$0</u>	<u>\$169,909</u>	<u>(\$8,645)</u>	<u>\$161,264</u>	<u>\$138,803</u>

The general obligation notes and task force loan are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The notes financed the purchase of new police cruisers. The loan financed operations of the OVI task force.

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

<u>Year</u>	<u>General Obligation Notes</u>		<u>Task Force Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 13,803	\$ 1,947	\$ 125,000	\$ 7,449
2008	15,000	1,155		
2009	<u>7,461</u>	<u>392</u>		
Total	<u>\$ 36,264</u>	<u>\$ 3,494</u>	<u>\$ 125,000</u>	<u>\$ 7,449</u>

Note 12 – Leases

The Township leases vehicles under noncancelable leases. The Township disbursed \$30,988 plus interest to pay lease costs for the year ended December 31, 2006. Future lease payments are as follows:

Year	Amount
2007	\$16,297
Total	<u>\$16,297</u>



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*

Goshen Township
Mahoning County
14003 South Range Road
Salem, Ohio 44460

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Goshen Township, Mahoning County, (the Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 22, 2009, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

We consider findings 2006-001, 2006-003, and 2006-004 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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 and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiencies described above, finding 2006-001, finding 2006-003, and finding 2006-004, are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated January 22, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001, 2006-002, and 2006-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated January 22, 2009.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

January 22, 2009

GOSHEN TOWNSHIP
MAHONING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006

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

FINDING NUMBER 2006-001

Noncompliance Finding/Significant Deficiency/Material Weakness

Accounting and Reporting

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

Additionally, **Ohio Rev. Code Section 149.351(A)** provides that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Ohio Rev. Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

Of total expenditures made for the year ended December 31, 2006, twenty-three (23) percent were not supported by vendor invoices or similar type documentation. The amount of unsupported expenditures was \$201,007. This situation may allow for an expenditure to be made without authorization or a proper public purpose.

We were required to perform alternative audit procedures to confirm the recorded expenditures had occurred and were not fictitious and to confirm certain receipts which, also, were unsupported.

The Fiscal Officer should not remit payment to vendors unless an invoice has been received and Township personnel have vouched for the receipt of the related goods or services. Also, the Fiscal Officer should maintain in a voucher package the check stub, vendor invoice(s), original billing statement(s), any original receipt(s) of purchase, and packing slip(s). We also recommend the Township maintain all records in a manner and location that would demonstrate compliance with these requirements.

Officials' Response

All of the above procedures and recordkeeping are now being implemented.

FINDING NUMBER 2006-002

Noncompliance Finding

Certification of Availability of Funds

Ohio Revised Code Section 5705.41(D) (1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts or orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are : "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

Then and Now Certificate: If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than three thousand dollars (\$3,000) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Blanket Certificate: Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate: The taxing authority may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specific fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding at a particular time for any line item appropriation.

The Township's Fiscal Officer did not always obtain certification of available funds prior to incurring obligations and there was no evidence of a "then and now" certificate being used by the Fiscal Officer. Of sixty (60) non-payroll expenditures tested for the year ended December 31, 2006, ninety-four (94) percent did not obtain proper certification. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification in the form of purchase orders or "blanket" purchase orders is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over the disbursement process and reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to a commitment of an obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which section 5705.41 (D) applies. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response

The current Fiscal Officer is now using super blanket purchase orders and files certification with the County Auditor to substantiate anticipated income and appropriations.

FINDING NUMBER 2006-003

Significant Deficiency/Material Weakness

Inter-fund Cash Advances

Auditor of State Bulletin 97-003 provides guidance on the legality and accounting treatment of inter-fund cash advances. Advances may be an effective method of resolving cash flow problems without incurring additional interest expense from short-term loans and to provide the necessary funding for reimbursable grants.

Inter-fund cash advances are subject to the following requirements:

1. Advances must be clearly labeled as such and distinguished from a transfer. Advances are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment. Transfers are intended to permanently reallocate cash between funds and are governed by Ohio Rev. Code Sections 5705.14 to 5705.16.
2. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash ("creditor" fund) for the same purpose for which the fund receiving the cash ("debtor" fund) was established.
3. The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on the use of the money to be used to make the reimbursement, and
4. Advances must be approved by formal resolution of the Board of Trustees.

During the year ended December 31, 2006, the Township made twenty-three (23) inter-fund cash advances without the approval of the Board of Trustees. As of December 31, 2006, \$42,600 of these advances had yet to be repaid. As noted above, advances are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment.

Adjustments have been posted to the accounting records to reverse the outstanding advances of \$42,600 at year end. The adjustments are reflected in the audited financial statements.

When making inter-fund cash advances, we recommend the Township officials review the Auditor of State Bulletin 97-003 and comply accordingly with the requirements set forth in the Bulletin.

Client Response:

Advances are now being approved by the Board of Trustees, and it is the intent of this Fiscal Officer to repay all advances the same year, if at all possible.

FINDING NUMBER 2006-004

Noncompliance Finding/Significant Deficiency/Material Weakness

Township Records

Ohio Rev. Code § 507.04 states the fiscal officer must keep an accurate record of the township's accounts and transactions.

**FINDING NUMBER 2006-004
(Continued)**

The Township's receipt ledger and appropriation ledger contained numerous inaccuracies due to postings of transactions to improper account codes or postings of transactions in improper amounts. For example, (1) property taxes to be allocated to the Road and Bridge Fund and Police District Fund were recorded to the General Fund, (2) rollback and homestead taxes were not posted as intergovernmental receipts, (3) grant funds were recorded as miscellaneous receipts instead of intergovernmental receipts, (4) principal and interest payments related to the general obligation notes were recorded as capital outlay expense rather than debt service, and (5) charges for services received by the Township as fiscal agent of the OVI Task Force were not appropriately recorded to the agency fund.

These conditions resulted in adjustments to decrease the cash fund balance of the General Fund by \$25,200 and increase the cash fund balances of the Road and Bridge Fund and Police District Fund by \$7,000 and \$18,200 respectively. Further, certain reclassifications were made between receipt and expenditure accounts to correct the posting errors. However, these reclassifications had no effect on the cash fund balances.

The lack of accurate recordkeeping may result in the Township not receiving and depositing funds due or expending moneys that are not available. In addition, the cash journal cannot be reconciled to the receipts and appropriation ledgers and the bank depositories.

We recommend the Board of Trustees request monthly financial reports and cash reconciliation from the Fiscal Officer. The Board should review the reports and reconciliation for accuracy and completeness. Any discrepancies should be investigated and corrected timely.

Client Response:

Beginning in 2009, upon discussion with auditing personnel, the OVI Task Force has been set up as an agency fund with line items for receipts and appropriations. All other special revenue funds will follow this pattern as they are created.



Mary Taylor, CPA
Auditor of State

GOSHEN TOWNSHIP

MAHONING 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
MAY 7, 2009**