



**Auditor of State
Betty Montgomery**

**WHITEOAK TOWNSHIP
HIGHLAND COUNTY**

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HIGHLAND COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Whiteoak Township
Highland County
540 Five Point Road
Sardina, Ohio 45171

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 Whiteoak Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, 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 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 Whiteoak Township, Highland County, Ohio, as of December 31, 2005 and 2004, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Gas Tax Fund, Road and Bridge Fund, Permissive Motor Vehicle License Fund, and Fire Fund thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2005 and 2004, 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 June 22, 2006, 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 22, 2006

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Unaudited)

This discussion and analysis of Whiteoak Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2005 and 2004, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 and 2004 are as follows:

In 2005, the Township's net assets increased \$56,463 or 38% over 2004. This increase was in large part due to a decrease in the Township's expenses relative to road paving and repair projects as compared to 2004. In 2004, the Township's net assets decreased \$60,840 or 29% as compared to 2003. Expenses relative to the completion of road paving and repair work on Fenwick, Rural, and Fender Roads in 2004 resulted in an increase in total disbursements, as compared to 2003. The fund most affected by the decrease in cash and cash equivalents was the Gas Fund, which realized the greatest burden of increased costs in 2004.

The Township's general receipts are primarily property and sales tax. During 2005 and 2004 these receipts represented 26% and 29% respectively of the total cash received for governmental activities. Property tax receipts for 2005 and 2004 changed very little compared to 2003 as property values showed only moderate increases. The Township's program receipts are primarily excise gas tax and permissive motor vehicle license tax. Excise tax receipts related to fuel sales increased \$16,554 or 26% in 2005 over 2004, and increased \$7,885 or 14% in 2004 over 2003. Permissive motor vehicle license tax levied by the township for 2005 and 2004 remained fairly consistent.

Using the Basic Financial Statements

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

Report Components

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

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

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

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Unaudited)

Basis of Accounting

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

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005 and 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

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. 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 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

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Unaudited)

combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gas Fund, Road & Bridge Fund, Permissive Motor Vehicle License Fund, and Fire Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2005 and 2004 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$ 203,830	\$ 147,377
Total Assets	\$ 203,830	\$ 147,377
Net Assets		
Restricted for:		
Cemetery Bequest:		
Nonexpendable	1,000	1,000
Expendable	308	333
Other Purposes	174,106	117,281
Unrestricted	28,416	28,763
Total Net Assets	\$203,830	\$147,377

As mentioned previously, net assets of governmental activities increased \$56,463 or 38% during 2005. The primary reason contributing to the increase in cash balances is as follows:

- In 2004, the Township had several roads that needed repaired and paved costing in excess of \$98,000.
- A Federal Emergency Management Agency (FEMA) grant was received in 2005 in the amount of \$3,103 to defray the cost related to an ice storm in late 2004.

Table 2 reflects the changes in net assets in 2005 and 2004.

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Unaudited)

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Variance
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$6,688	\$6,938	(\$250)
Operating Grants and Contributions	95,057	76,550	18,507
Capital Grants and Contributions	3,103	0	3,103
Total Program Receipts	<u>104,848</u>	<u>83,488</u>	<u>21,360</u>
General Receipts:			
Property and Other Local Taxes	22,216	21,835	381
Grants and Entitlements Not Restricted to Specific Programs	14,975	12,237	2,738
Interest	272	78	194
Miscellaneous	121	787	(666)
Total General Receipts	<u>37,584</u>	<u>34,937</u>	<u>2,647</u>
Total Receipts	<u>142,432</u>	<u>118,425</u>	<u>24,007</u>
Disbursements:			
General Government	19,317	24,904	(5,587)
Public Safety	17,207	192	17,015
Public Works	42,555	147,010	(104,455)
Health	6,875	7,134	(259)
Miscellaneous	25	25	0
Total Disbursements	<u>85,979</u>	<u>179,265</u>	<u>(93,286)</u>
Increase (Decrease) in Net Assets	56,453	(60,840)	117,293
Net Assets, Beginning of Year	<u>147,377</u>	<u>208,217</u>	<u>(60,840)</u>
Net Assets, End of Year	<u>\$203,830</u>	<u>\$147,377</u>	<u>\$56,453</u>

In 2005, Program receipts represent 74% of total receipts. In 2004, Program receipts represent 71% of total receipts. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

In 2005, General receipts represent 26% of the Township's total receipts, and of this amount, 59% are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (40%). In 2004, General receipts represent 29% of the Township's total receipts, and of this amount, 62% are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (35%). Other receipts in 2005 and 2004 are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of official's salaries and benefits, Township hall maintenance and utilities. Public Safety are the costs of providing fire protection to the residents of the Township which is contracted on an annual basis with the Village of

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Unaudited)

Mowrystown Fire Department. A delay in the annual payment of the 2004 contract payment until 2005 resulted in 2005 cost being greater than 2004. Health cost are the property tax deductions to the county health department, and maintenance cost of the cemeteries. Public Works are the costs of maintaining the roads, which were greater in 2004 due to repair and paving projects completed on Fenwick, Rural, and Fender Roads.

Governmental Activities

If you look at the Statement of Activities on page 10 and 20, 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 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 Government 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	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2005	2005	2004	2004
General Government	\$ 19,317	\$ (19,317)	\$ 24,904	\$ (24,904)
Public Safety	17,207	(16,350)	192	585
Public Works	42,555	61,436	147,010	(64,312)
Health	6,875	(6,875)	7,134	(7,121)
Miscellaneous	25	(25)	25	(25)
Total Expenses	\$ 85,979	\$ 18,869	\$ 179,265	\$ (95,777)

With the increase in road work projects in 2004, the Township had to rely upon property and sales tax receipts to cover the related cost as over 53% percent of governmental activities were supported through these general receipts.

The Government's Funds

In 2005, total governmental funds had receipts of \$142,432 and disbursements of \$85,979. In 2004, total governmental funds had receipts of \$118,425 and disbursements of \$179,265. The greatest change within governmental funds occurred within Gas and Permissive Motor Vehicle License Funds, both of which were a result of the increased cost for road repair and paving in 2004. The fund balance of the Gas Fund decreased in 2004 \$28,223 (37%) and the fund balance of the Permissive Motor Vehicle License Fund decreased in 2004 \$22,396 (42%). However, in 2005 the Gas Fund receipts were more than disbursements by \$59,065 resulting in a fund balance increase of 120%, and the Permissive Motor

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Unaudited)

Vehicle License Fund receipts were more than disbursements by \$10,994 resulting in a fund balance increase of 36%.

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 2005 and 2004, the Township amended its General Fund budget occasionally to reflect changing circumstances. General Fund receipts received in 2005 were \$6,330 greater than was budgeted and were \$3,660 greater in 2004.

In 2005, final disbursements were budgeted at \$55,950, while actual disbursements were \$26,192. In 2004, final disbursements were budgeted at \$55,775, while actual disbursements were \$32,038. The Township kept spending below budgeted amounts as demonstrated by the reported variances, however, receipts failed to keep pace with disbursements resulting in a fund balance decrease in 2005 of \$347 and for 2004 of \$8,803.

Capital Assets and Debt Administration

Capital Assets

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

Debt

The Township had no debt during the period January 1, 2004 through December 31, 2005.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, legislative bodies, and management 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 Wayne Ferguson, Clerk, Whiteoak Township, 540 Five Point Road, Sardina, Ohio 45171.

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$203,830</u>
<i>Total Assets</i>	<u><u>\$203,830</u></u>
Net Assets	
Restricted for:	
Nonexpendable	\$1,000
Expendable	308
Other Purposes	174,106
Unrestricted	<u>28,416</u>
<i>Total Net Assets</i>	<u><u>\$203,830</u></u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	<u>General</u>	<u>Gas Tax Fund</u>	<u>Road & Bridge Fund</u>	<u>Perm. MVL Fund</u>	<u>Fire Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$28,416	\$108,087	\$7,544	\$41,301	\$2,660	\$15,822	\$203,830
<i>Total Assets</i>	<u>\$28,416</u>	<u>\$108,087</u>	<u>\$7,544</u>	<u>\$41,301</u>	<u>\$2,660</u>	<u>\$15,822</u>	<u>\$203,830</u>
Fund Balances							
Reserved:							
Reserved for Permanent Fund	\$0	\$0	\$0	\$0	\$0	\$1,000	\$1,000
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	28,416	0	0	0	0	0	28,416
Special Revenue Funds	0	108,087	7,544	41,301	2,660	14,822	174,414
<i>Total Fund Balances</i>	<u>\$28,416</u>	<u>\$108,087</u>	<u>\$7,544</u>	<u>\$41,301</u>	<u>\$2,660</u>	<u>\$15,822</u>	<u>\$203,830</u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Gas Tax Fund	Road & Bridge Fund	Permissive MVL Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$10,127	\$0	\$4,407	\$6,642	\$7,244	\$0	\$28,420
Intergovernmental	15,325	81,188	735	3,985	1,340	9,678	112,251
Interest	272	885	0	366	0	116	1,639
Other	121	0	0	0	0	0	121
<i>Total Receipts</i>	<u>25,845</u>	<u>82,073</u>	<u>5,142</u>	<u>10,993</u>	<u>8,584</u>	<u>9,794</u>	<u>142,431</u>
Disbursements							
Current:							
General Government	19,317	0	0	0	0	0	19,317
Public Safety	0	0	0	0	17,207	0	17,207
Public Works	0	23,008	19,546	0	0	3,103	45,657
Health	6,875	0	0	0	0	0	6,875
Other	0	0	0	0	0	25	25
<i>Total Disbursements</i>	<u>26,192</u>	<u>23,008</u>	<u>19,546</u>	<u>0</u>	<u>17,207</u>	<u>3,128</u>	<u>89,081</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(347)</u>	<u>59,065</u>	<u>(14,404)</u>	<u>10,993</u>	<u>(8,623)</u>	<u>6,666</u>	<u>53,350</u>
Other Financing Sources							
Other Financing Sources	0	0	3,103	0	0	0	3,103
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>3,103</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,103</u>
<i>Net Change in Fund Balances</i>	<u>(347)</u>	<u>59,065</u>	<u>(11,301)</u>	<u>10,993</u>	<u>(8,623)</u>	<u>6,666</u>	<u>56,453</u>
<i>Fund Balances Beginning of Year</i>	<u>28,763</u>	<u>49,022</u>	<u>18,845</u>	<u>30,308</u>	<u>11,283</u>	<u>9,156</u>	<u>147,377</u>
<i>Fund Balances End of Year</i>	<u>\$28,416</u>	<u>\$108,087</u>	<u>\$7,544</u>	<u>\$41,301</u>	<u>\$2,660</u>	<u>\$15,822</u>	<u>\$203,830</u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$7,647	\$7,647	\$10,127	\$2,480
Intergovernmental	11,572	11,572	15,325	3,753
Interest	205	205	272	67
Other	91	91	121	30
<i>Total Receipts</i>	<u>19,515</u>	<u>19,515</u>	<u>25,845</u>	<u>6,330</u>
Disbursements				
Current:				
General Government	41,264	41,264	19,317	21,947
Health	14,686	14,686	6,875	7,811
<i>Total Disbursements</i>	<u>55,950</u>	<u>55,950</u>	<u>26,192</u>	<u>29,758</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(36,435)	(36,435)	(347)	36,088
<i>Fund Balance Beginning of Year</i>	<u>28,763</u>	<u>28,763</u>	<u>28,763</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>(\$7,672)</u></u>	<u><u>(\$7,672)</u></u>	<u><u>\$28,416</u></u>	<u><u>\$36,088</u></u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS
GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$49,461	\$49,461	\$81,188	\$31,727
Interest	539	539	885	346
<i>Total Receipts</i>	<u>50,000</u>	<u>50,000</u>	<u>82,073</u>	<u>32,073</u>
Disbursements				
Current:				
Public Works	84,200	84,200	23,008	61,192
<i>Total Disbursements</i>	<u>84,200</u>	<u>84,200</u>	<u>23,008</u>	<u>61,192</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(34,200)	(34,200)	59,065	93,265
<i>Fund Balance Beginning of Year</i>	<u>49,022</u>	<u>49,022</u>	<u>49,022</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$14,822</u></u>	<u><u>\$14,822</u></u>	<u><u>\$108,087</u></u>	<u><u>\$93,265</u></u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS
ROAD & BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$3,613	\$3,711	\$4,407	\$696
Intergovernmental	602	619	735	116
<i>Total Receipts</i>	<u>4,215</u>	<u>4,330</u>	<u>5,142</u>	<u>812</u>
Disbursements				
Current:				
Public Works	17,250	17,250	19,546	(2,296)
<i>Total Disbursements</i>	<u>17,250</u>	<u>17,250</u>	<u>19,546</u>	<u>(2,296)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,035)</u>	<u>(12,920)</u>	<u>(14,404)</u>	<u>(1,484)</u>
Other Financing Sources				
Other Financing Sources	0	0	3,103	3,103
<i>Total Other Financing Source</i>	<u>0</u>	<u>0</u>	<u>3,103</u>	<u>3,103</u>
<i>Net Change in Fund Balance</i>	(13,035)	(12,920)	(11,301)	1,619
<i>Fund Balance Beginning of Year</i>	<u>18,845</u>	<u>18,845</u>	<u>18,845</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,810</u>	<u>\$5,925</u>	<u>\$7,544</u>	<u>\$1,619</u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS
PERMISSIVE MOTOR VEHICLE LICENSE
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$6,223	\$6,223	\$6,642	\$419
Intergovernmental	3,734	3,734	3,985	251
Interest	343	343	366	23
<i>Total Receipts</i>	<u>10,300</u>	<u>10,300</u>	<u>10,993</u>	<u>693</u>
Disbursements				
Current:				
Public Works	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>
<i>Total Disbursements</i>	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(39,700)	(39,700)	10,993	50,693
<i>Fund Balance Beginning of Year</i>	<u>30,308</u>	<u>30,308</u>	<u>30,308</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>(\$9,392)</u></u>	<u><u>(\$9,392)</u></u>	<u><u>\$41,301</u></u>	<u><u>\$50,693</u></u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$5,781	\$6,004	\$7,244	\$1,240
Intergovernmental	1,069	1,111	1,340	229
<i>Total Receipts</i>	<u>6,850</u>	<u>7,115</u>	<u>8,584</u>	<u>1,469</u>
Disbursements				
Current:				
Public Safety	7,000	17,000	17,207	(207)
<i>Total Disbursements</i>	<u>7,000</u>	<u>17,000</u>	<u>17,207</u>	<u>(207)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(150)	(9,885)	(8,623)	1,262
<i>Fund Balance Beginning of Year</i>	<u>11,283</u>	<u>11,283</u>	<u>11,283</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$11,133</u>	<u>\$1,398</u>	<u>\$2,660</u>	<u>\$1,262</u>

See accompanying notes to the basic financial statements

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WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$147,377
Investments	
	\$147,377
<i>Total Assets</i>	\$147,377
 Net Assets	
Restricted for:	
Nonexpendable	\$1,000
Expendable	333
Other Purposes	117,281
Unrestricted	28,763
<i>Total Net Assets</i>	\$147,377

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
General Government	\$24,904	\$0	\$0	(\$24,904)
Public Safety	192	0	777	585
Public Works	147,010	6,938	75,760	(64,312)
Health	7,134	0	13	(7,121)
Other	25	0	0	(25)
<i>Total Governmental Activities</i>	<u>\$179,265</u>	<u>\$6,938</u>	<u>\$76,550</u>	(\$95,777)
		General Receipts		
		Property Taxes Levied for:		
		General Purposes	10,133	
		Other Purposes	11,702	
		Grants and Entitlements not Restricted to Specific Programs	12,237	
		Interest	78	
		Miscellaneous	787	
		<i>Total General Receipts</i>	<u>34,937</u>	
		Change in Net Assets		(60,840)
		<i>Net Assets Beginning of Year</i>		<u>208,217</u>
		<i>Net Assets End of Year</i>		<u>\$147,377</u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	General	Gas Tax Fund	Road & Bridge Fund	Perm. MVL Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$28,763	\$49,022	\$18,845	\$30,308	\$11,283	\$9,156	\$147,377
<i>Total Assets</i>	<u>\$28,763</u>	<u>\$49,022</u>	<u>\$18,845</u>	<u>\$30,308</u>	<u>\$11,283</u>	<u>\$9,156</u>	<u>\$147,377</u>
Fund Balances							
Reserved:							
Reserved for Permanent Fund	\$0	\$0	\$0	\$0	\$0	\$1,000	\$1,000
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	28,763	0	0	0	0	0	28,763
Special Revenue Funds	0	49,022	18,845	30,308	11,283	8,156	117,614
<i>Total Fund Balances</i>	<u>\$28,763</u>	<u>\$49,022</u>	<u>\$18,845</u>	<u>\$30,308</u>	<u>\$11,283</u>	<u>\$9,156</u>	<u>\$147,377</u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	General	Gas Tax Fund	Road & Bridge Fund	Permissive MVL Fund	Fire Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$9,775	\$0	\$4,145	\$6,620	\$6,842	\$0	\$27,382
Intergovernmental	12,595	64,635	702	3,972	1,264	6,720	89,888
Interest	78	154	0	92	0	44	368
Other	787	0	0	0	0	0	787
<i>Total Receipts</i>	<u>23,235</u>	<u>64,789</u>	<u>4,847</u>	<u>10,684</u>	<u>8,106</u>	<u>6,764</u>	<u>118,425</u>
Disbursements							
Current:							
General Government	24,904	0	0	0	0	0	24,904
Public Safety	0	0	0	0	192	0	192
Public Works	0	93,012	5,918	33,080	0	15,000	147,010
Health	7,134	0	0	0	0	0	7,134
Other	0	0	0	0	0	25	25
<i>Total Disbursements</i>	<u>32,038</u>	<u>93,012</u>	<u>5,918</u>	<u>33,080</u>	<u>192</u>	<u>15,025</u>	<u>179,265</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,803)	(28,223)	(1,071)	(22,396)	7,914	(8,261)	(60,840)
<i>Fund Balances Beginning of Year</i>	<u>37,566</u>	<u>77,245</u>	<u>19,917</u>	<u>52,704</u>	<u>3,368</u>	<u>17,417</u>	<u>208,217</u>
<i>Fund Balances End of Year</i>	<u>\$28,763</u>	<u>\$49,022</u>	<u>\$18,846</u>	<u>\$30,308</u>	<u>\$11,282</u>	<u>\$9,156</u>	<u>\$147,377</u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$7,775	\$8,235	\$9,775	\$1,540
Intergovernmental	10,017	10,611	12,595	1,984
Interest	62	66	78	12
Other	626	663	787	124
<i>Total Receipts</i>	<u>18,480</u>	<u>19,575</u>	<u>23,235</u>	<u>3,660</u>
Disbursements				
Current:				
General Government	43,355	43,355	24,904	18,451
Health	12,420	12,420	7,134	5,286
<i>Total Disbursements</i>	<u>55,775</u>	<u>55,775</u>	<u>32,038</u>	<u>23,737</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(37,295)	(36,200)	(8,803)	27,397
<i>Fund Balance Beginning of Year</i>	<u>37,566</u>	<u>37,566</u>	<u>37,566</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$271</u>	<u>\$1,366</u>	<u>\$28,763</u>	<u>\$27,397</u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS
GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$49,881	\$49,881	\$64,634	\$14,753
Interest	119	119	154	35
<i>Total Receipts</i>	<u>50,000</u>	<u>50,000</u>	<u>64,788</u>	<u>14,788</u>
Disbursements				
Current:				
Public Works	126,500	126,500	93,012	33,488
<i>Total Disbursements</i>	<u>126,500</u>	<u>126,500</u>	<u>93,012</u>	<u>33,488</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(76,500)	(76,500)	(28,224)	48,276
<i>Fund Balance Beginning of Year</i>	<u>77,245</u>	<u>77,245</u>	<u>77,245</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$745</u></u>	<u><u>\$745</u></u>	<u><u>\$49,021</u></u>	<u><u>\$48,276</u></u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS
ROAD & BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$3,476	\$3,605	\$4,145	\$540
Intergovernmental	589	610	702	92
<i>Total Receipts</i>	<u>4,065</u>	<u>4,215</u>	<u>4,847</u>	<u>632</u>
Disbursements				
Current:				
Public Works	23,050	23,050	5,918	17,132
<i>Total Disbursements</i>	<u>23,050</u>	<u>23,050</u>	<u>5,918</u>	<u>17,132</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(18,985)	(18,835)	(1,071)	17,764
<i>Fund Balance Beginning of Year</i>	<u>19,917</u>	<u>19,917</u>	<u>19,917</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$932</u></u>	<u><u>\$1,082</u></u>	<u><u>\$18,846</u></u>	<u><u>\$17,764</u></u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS
PERMISSIVE MOTOR VEHICLE LICENSE
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$6,382	\$6,382	\$6,620	\$238
Intergovernmental	3,829	3,829	3,972	143
Interest	89	89	92	3
<i>Total Receipts</i>	<u>10,300</u>	<u>10,300</u>	<u>10,684</u>	<u>384</u>
Disbursements				
Current:				
Public Works	<u>60,000</u>	<u>60,000</u>	<u>33,080</u>	<u>26,920</u>
<i>Total Disbursements</i>	<u>60,000</u>	<u>60,000</u>	<u>33,080</u>	<u>26,920</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(49,700)	(49,700)	(22,396)	27,304
<i>Fund Balance Beginning of Year</i>	<u>52,704</u>	<u>52,704</u>	<u>52,704</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,004</u></u>	<u><u>\$3,004</u></u>	<u><u>\$30,308</u></u>	<u><u>\$27,304</u></u>

See accompanying notes to the basic financial statements

WHITEOAK TOWNSHIP, HIGHLAND COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$5,757	\$5,782	\$6,842	\$1,060
Intergovernmental	1,063	1,068	1,264	196
<i>Total Receipts</i>	<u>6,820</u>	<u>6,850</u>	<u>8,106</u>	<u>1,256</u>
Disbursements				
Current:				
Public Safety	10,100	10,100	192	9,908
<i>Total Disbursements</i>	<u>10,100</u>	<u>10,100</u>	<u>192</u>	<u>9,908</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,280)	(3,250)	7,914	11,164
<i>Fund Balance Beginning of Year</i>	<u>3,368</u>	<u>3,368</u>	<u>3,368</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$88</u>	<u>\$118</u>	<u>\$11,282</u>	<u>\$11,164</u>

See accompanying notes to the basic financial statements

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WHITEOAK TOWNSHIP
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Note 1 – Reporting Entity

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

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Village of Mowrystown to provide fire protection services.

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

Note 2 – Summary of Significant Accounting Policies

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

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. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Note 2 – Summary of Significant Accounting Policies (continued)

program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Township's major governmental funds:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money to pay for constructing, maintaining and repairing Township roads.

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 to pay for constructing, maintaining and repairing Township roads.

Fire Levy Fund - This fund receives property tax money for providing fire protection for Township residents.

Permissive Motor Vehicle License Tax Fund - This fund receives proceeds from the tax levied on all motor vehicle license sold in the Township for road maintenance and repairs.

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

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Note 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued 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 Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

E. Cash and Investments

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

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

During 2005 and 2004, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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 2005 was \$272 and during 2004 was \$78.

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. Restricted assets represent \$175,576 of a total fund balance of \$203,830 in 2005 and \$118,614 of a total fund balance of \$147,377 in 2004.

G. Capital Assets

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

H. Employer Contributions to Cost-Sharing Pension Plans

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

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Interfund Transactions

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

Note 3 – Change in Basis of Accounting 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 with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Note 4 – Compliance

A. Compliance

During 2005 and 2004, the Township did not certify the availability of funds before making commitments.

During 2005 appropriations exceeded the amount certified available for appropriation in the General, Motor Vehicle License, and Permissive Motor Vehicle License Funds.

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 and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no encumbrances outstanding at year end.

Note 6 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Note 6 – Deposits and Investments (continued)

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 as part of "Equity in Pooled Cash and Cash Equivalents".

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 fiscal year end 2005, \$113,427 of the Township's bank balance of \$213,427 was exposed to custodial credit risk, and at the end of fiscal year end 2004, \$56,670 of the Township's bank balance of \$156,670 was exposed credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Note 7 – Property Taxes (continued)

circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, and are collected with real property taxes. Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, 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 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. 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 years ended December 31, 2004 and 2005 were \$1.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	2004	2005
Residential	\$ 5,998,270	\$ 6,065,990
Agriculture	6,009,930	6,009,630
Commercial/Industrial/Mineral	157,140	157,140
Public Utility Property		
Real	8,420	8,420
Personal	1,047,770	1,105,950
Tangible Personal Property	162,772	183,444
Total Assessed Value	\$13,384,302	\$13,530,574

Note 8 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$ 2,000,000	Per Occurrence
Automobile Liability	2,000,000	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Property	500,000,000	Total Coverage

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Note 8 – Risk Management (continued)

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

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, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2005 and December 31, 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 and 2004 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$4,014, \$4,520, and \$4,529 respectively. The full amount has been contributed for 2005, 2004 and 2003.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 and 2004 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

WHITEOAK TOWNSHIP
HIGHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Note 10 - Postemployment Benefits (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases.

Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1,185. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

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Auditor of State Betty Montgomery

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

Whiteoak Township
Highland County
540 Five Point Road
Sardina, Ohio 45171

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 Whiteoak Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 22, 2006. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 and 2005-002.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We do not believe the reportable condition described above to be material weakness. In a separate letter to the Township's management dated June 22, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the Township's management dated June 22, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

June 22, 2006

**WHITEOAK TOWNSHIP
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit 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 that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that 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 Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$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 Township.

2. 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.
3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**FINDING NUMBER 2005-001
(Continued)**

Contrary to the above requirement, the availability of funds was not certified for 100% of the expenditures tested. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash balances.

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

We recommend the Township officials and employees obtain the Clerk's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Clerk should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Clerk should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials Response

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

FINDING NUMBER 2005-002

Reportable Condition

When designing the public office's system of internal control and the specific control activities, management should consider verifying the existence and valuation of assets and periodically reconciling them to the accounting records, as well as ensuring the collection and compilation of the data needed for the timely preparation of financial statements.

Although the Clerk performs a visual reconciliation of the Township's financial records each month with the bank, a written, detailed reconciliation including outstanding checks was not presented for audit. Failure to complete and maintain a written, detailed reconciliation makes it difficult to ascertain what outstanding checks and adjustments were for each month. It also makes it difficult to complete the reconciliation on the annual financial report correctly.

To provide accurate and complete documentation over cash, the Clerk should maintain and complete written detailed, monthly cash reconciliations and use this information at year-end to accurately complete the reconciliation on the Annual Report. Additionally, we recommend that monthly bank reconciliations be presented to the Board for review and approval along with a listing of current fund balances. The Board should assure that the books and bank are in balance as a management control. At least two of the Trustees should sign off on the reconciliation that this procedure has been performed.

Officials Response

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



**Auditor of State
Betty Montgomery**

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800-282-0370

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WHITEOAK TOWNSHIP

HIGHLAND 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
JULY 13, 2006**