

***HOPEWELL TOWNSHIP
LICKING COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

Board of Trustees
Hopewell Township
5901 Mulberry Road SE
Newark, Ohio 43055

We have reviewed the *Report of Independent Accountants* of Hopewell Township, Licking County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Hopewell Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 16, 2007

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**HOPEWELL TOWNSHIP
LICKING COUNTY
AUDIT REPORT
For Years Ending December 31, 2006 and 2005**

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REPORT OF INDEPENDENT ACCOUNTANTS

Hopewell Township, Licking County
5901 Mulberry Road SE
Newark, Ohio 43055-9458

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hopewell Township, Licking County (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 that our audit provides a reasonable basis for our opinion.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township as of December 31, 2006 and 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Fire Special Levy Fund thereof for the years then ended in conformity with accounting basis Note 2 describes.

For the year ended December 31, 2005, the Township revised its financial statement presentation comparable to the requirements of Governmental Auditing Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

The management's discussion and analysis on pages 3 to 8 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, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2007 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

Charles E. Harris & Associates, Inc.

September 18, 2007

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

This discussion and analysis Hopewell Township, Licking County, Ohio's (Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's 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 increased by \$32,865, or 9.3 percent, a significant change from the prior year. The Road and Bridge and Fire Special Levy funds experienced significant increase in cash balances. The General and Gasoline Tax funds experienced significant decreases in cash balances. The overall increase in cash balances is due to a decrease in disbursements for capital outlay.

The Township's general receipts are primarily intergovernmental receipts. These receipts represent 50.0 percent of the total cash received for governmental activities during the year. Property tax receipts increased insignificantly compared to 2005.

Key highlights for 2005 are as follows:

Net assets increased by \$39,447, or 12.5 percent, a significant change from the prior year. The General, Gasoline Tax and Fire Special Levy funds experienced significant increases in cash balances. The Road and Bridge fund experienced significant decrease in cash balance. The overall increase in cash balances is due to a decrease in disbursements for capital outlay.

The Township's general receipts are primarily intergovernmental receipts. These receipts represent 56.4 percent of the total cash received for governmental activities during the year. Property tax receipts increased significantly compared to 2004.

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.

Hopewell Township, Licking County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Reporting the Township as a Whole

A three-member board of trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the National Trails Volunteer Fire Department to provide fire protection and emergency services.

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, 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 township program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each township function or activity 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.

In the statement of net assets and the statement of activities, we divide the Township into one type of activity:

Governmental activities – All of the Township's basic services are reported here, including streets, fire, and cemetery. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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

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 put into one category: governmental.

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

The Township as a Whole

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

(Table 1)
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$ 386,736	\$ 353,871
Total Assets	\$ 386,736	\$ 353,871
Net Assets		
Restricted for:		
Debt Service	\$ 4,929	\$ 4,187
Other Purposes	317,454	273,487
Unrestricted	64,353	76,197
Total Net Assets	\$ 386,736	\$ 353,871

The Township implemented GASB 34 during 2005. There are no comparative financial results for 2004.

As mentioned previously, net assets of governmental activities increased \$32,865, or 9.3 percent during 2006. The primary reason contributing to the increases in cash balances are as follows:

- The Township's decrease in disbursements outpaced the decrease in receipts from 2005.

As mentioned previously, net assets of governmental activities increased \$39,447, or 12.5 percent during 2005. The primary reason contributing to the increases in cash balances are as follows:

- The Township had significant increases in fund cash balances in the General, Gasoline Tax and Fire Special Levy funds.

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

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

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 4,600	\$ 8,300
Operating Grants and Contributions	114,499	137,833
Capital Grants and Contributions	-	31,942
Total Program Receipts	<u>119,099</u>	<u>178,075</u>
General Receipts:		
Property and Other Local Taxes	141,043	136,956
Grants and Entitlements Not Restricted to Specific Programs	41,918	75,287
Proceeds of Notes	-	34,500
Interest	6,619	3,600
Miscellaneous	3,955	6,195
Total General Receipts	<u>193,535</u>	<u>256,538</u>
Total Receipts	<u>312,634</u>	<u>434,613</u>
Disbursements:		
General Government	85,515	82,255
Security of Persons and Property:	18,002	18,007
Public Works	162,587	244,004
Public Health Services	5,642	7,032
Capital Outlay	75	35,292
Principal Retirement	6,188	7,857
Interest and Fiscal Charges	1,760	719
Total Disbursements	<u>279,769</u>	<u>395,166</u>
Increase (Decrease) in Net Assets	32,865	39,447
Net Assets, January 1	353,871	314,424
Net Assets, December 31	<u>\$ 386,736</u>	<u>\$ 353,871</u>

Program receipts in 2006 and 2005 represent only 38.1 and 41 percent, respectively, of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, estate taxes, Issue II funding and cemetery fees.

General receipts in 2006 and 2005 represent 61.9 and 59 percent, respectively, of the Township's total receipts.

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 officials' & full-time employees' salaries and benefits, and the Trustees, Clerk, and purchasing, receipts and payroll.

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

Governmental Activities

If you look at the Statement of Activities on the attached reports, 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 transportation and security of persons and property. 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	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$85,515	(\$80,915)	\$82,255	(\$76,055)
Security of Persons and Property	18,002	(14,362)	18,007	(14,416)
Public Works	162,587	(52,718)	244,004	(77,820)
Public Health Services	5,642	(5,642)	7,032	(4,932)
Capital Outlay	75	(75)	35,292	(35,292)
Principal Retirement	6,188	(5,198)	7,857	(7,857)
Interest and Fiscal Charges	1,760	(1,760)	719	(719)
Total Expenses	<u>\$279,769</u>	<u>(\$160,670)</u>	<u>\$395,166</u>	<u>(\$217,091)</u>

The Township's Funds

During 2006 total Township funds had receipts of \$312,634 and disbursements of \$279,769. The General and Gasoline Tax Funds had significant decreases in fund cash balances.

During 2005 total Governmental funds had receipts of \$434,613 and disbursements of \$395,166. The Road and Bridge Fund purchased capital assets.

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.

During 2006, the Township did not amend its General Fund budget. Original budgeted receipts were not amended. The difference between final budgeted receipts and actual receipts was \$11,690.

Final disbursements were budgeted at \$143,284 while actual disbursements were \$90,621.

During 2005, the Township did not amend its General Fund budget. Original budgeted receipts were not amended. The difference between final budgeted receipts and actual receipts was \$51,036.

Final disbursements were budgeted at \$113,713 while actual disbursements were \$88,640.

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

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2006, the Township's outstanding debt totaled \$28,312. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Financial Related Activities

Hopewell Township is strong financially. As the preceding information shows, the Township heavily depends on its taxpayers. However, financially the future is not without challenge.

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 Virginia Conrad, Clerk, Hopewell Township, by contacting her at 740-763-3875.

HOPEWELL TOWNSHIP
 LICKING COUNTY, OHIO
 STATEMENT OF NET ASSETS - CASH BASIS
 DECEMBER 31, 2006

		Governmental Activities
Assets		
Equity in Pooled Cash and Cash Equivalents	\$	386,736
Total Assets	\$	386,736
Net Assets		
Restricted for:		
Debt Service	\$	4,929
Other Purposes		317,454
Unrestricted		64,353
Total Net Assets	\$	386,736

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
LICKING COUNTY, OHIO
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2006

	<u>Program Cash Receipts</u>			Net (Disbursements)
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Receipts and Changes in Net Assets</u>
				<u>Governmental Activities</u>
Governmental Activities:				
General Government	\$ 85,515	\$ 4,600	\$ -	\$ (80,915)
Public Safety	18,002	-	3,640	(14,362)
Public Works	162,587	-	110,859	(51,728)
Health	5,642	-	-	(5,642)
Capital Outlay	75	-	-	(75)
Debt Service:				
Principal	6,188	-	-	(6,188)
Interest	1,760	-	-	(1,760)
Total Governmental Activities	<u>\$ 279,769</u>	<u>\$ 4,600</u>	<u>\$ 114,499</u>	<u>(160,670)</u>

General Receipts	
Property Taxes	141,043
Grants and Entitlements not Restricted to a Specific Program	41,918
Earnings on Investments	6,619
Miscellaneous	3,955
Total General Receipts	<u>193,535</u>
Change in Net Assets	32,865
Net Assets Beginning of Year	353,871
Net Assets End of Year	<u>\$ 386,736</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
LICKING COUNTY, OHIO
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
DECEMBER 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire Special Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 64,353	\$ 95,437	\$ 63,056	\$ 71,835	\$ 92,055	\$ 386,736
Total Assets	<u>\$ 64,353</u>	<u>\$ 95,437</u>	<u>\$ 63,056</u>	<u>\$ 71,835</u>	<u>\$ 92,055</u>	<u>\$ 386,736</u>
Fund Balances:						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$ 64,353	\$ -	\$ -	\$ -	\$ -	\$ 64,353
Special Revenue Funds	-	95,437	63,056	71,835	87,126	317,454
Debt Service Funds	-	-	-	-	4,929	4,929
Total Fund Balances	<u>\$ 64,353</u>	<u>\$ 95,437</u>	<u>\$ 63,056</u>	<u>\$ 71,835</u>	<u>\$ 92,055</u>	<u>\$ 386,736</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
LICKING COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire Special Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts						
Property and Other Local Taxes	\$ 29,176	\$ -	\$ 74,139	\$ 29,918	\$ 7,810	\$ 141,043
Licenses, Permits and Fees	4,600	-	-	-	-	4,600
Intergovernmental	41,918	90,204	9,427	3,640	11,228	156,417
Earnings on Investments	2,409	3,157	-	-	1,053	6,619
Miscellaneous	674	582	724	257	1,718	3,955
Total Receipts	<u>78,777</u>	<u>93,943</u>	<u>84,290</u>	<u>33,815</u>	<u>21,809</u>	<u>312,634</u>
Disbursements						
Current:						
General Government	84,904	-	-	484	127	85,515
Public Safety	-	-	-	18,002	-	18,002
Public Works	-	104,087	58,500	-	-	162,587
Health	5,642	-	-	-	-	5,642
Capital Outlay	75	-	-	-	-	75
Debt Service:						
Principal Retirement	-	-	-	-	6,188	6,188
Interest and Fiscal Charges	-	-	-	-	1,760	1,760
Total Disbursements	<u>90,621</u>	<u>104,087</u>	<u>58,500</u>	<u>18,486</u>	<u>8,075</u>	<u>279,769</u>
Net Change in Fund Balances	(11,844)	(10,144)	25,790	15,329	13,734	32,865
Fund Balances Beginning of Year	<u>76,197</u>	<u>105,581</u>	<u>37,266</u>	<u>56,506</u>	<u>78,321</u>	<u>353,871</u>
Fund Balances End of Year	<u>\$ 64,353</u>	<u>\$ 95,437</u>	<u>\$ 63,056</u>	<u>\$ 71,835</u>	<u>\$ 92,055</u>	<u>\$ 386,736</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
 LICKING COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 32,825	\$ 32,825	\$ 29,176	\$ (3,649)
Licenses, Permits and Fees	5,000	5,000	4,600	(400)
Intergovernmental	27,762	27,762	41,918	14,156
Earnings on Investments	1,000	1,000	2,409	1,409
Miscellaneous	500	500	674	174
Total Receipts	67,087	67,087	78,777	11,690
Disbursements				
Current:				
General Government	118,741	118,741	84,904	33,837
Public Works	4	4	-	4
Health	13,050	13,050	5,642	7,408
Capital Outlay	1,850	1,850	75	1,775
Total Disbursements	133,645	133,645	90,621	43,024
Receipts Over (Under) Disbursements	(66,558)	(66,558)	(11,844)	54,714
Other Financing Sources (Uses)				
Transfers-Out	(8,832)	(8,832)	-	8,832
Other Financing Uses	(807)	(807)	-	807
Total Other Financing Sources (Uses)	(9,639)	(9,639)	-	9,639
Net Change in Fund Balance	(76,197)	(76,197)	(11,844)	64,353
Fund Balance Beginning of Year	76,197	76,197	76,197	-
Fund Balance End of Year	\$ -	\$ -	\$ 64,353	\$ 64,353

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
 LICKING COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 GASOLINE TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 27,000	\$ 27,000	\$ 90,204	\$ 63,204
Earnings on Investments	1,555	1,555	3,157	1,602
Miscellaneous	-	-	582	582
Total Receipts	<u>28,555</u>	<u>28,555</u>	<u>93,943</u>	<u>65,388</u>
Disbursements				
Current:				
Public Works	130,550	130,550	104,087	26,463
Capital Outlay	3,500	3,500	-	3,500
Total Disbursements	<u>134,050</u>	<u>134,050</u>	<u>104,087</u>	<u>29,963</u>
Receipts Over (Under) Disbursements	(105,495)	(105,495)	(10,144)	95,351
Other Financing Sources (Uses)				
Transfers-Out	(86)	(86)	-	86
Total Other Financing Sources (Uses)	<u>(86)</u>	<u>(86)</u>	<u>-</u>	<u>86</u>
Net Change in Fund Balance	(105,581)	(105,581)	(10,144)	95,437
Fund Balance Beginning of Year	<u>105,581</u>	<u>105,581</u>	<u>105,581</u>	<u>-</u>
Fund Balance End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,437</u>	<u>\$ 95,437</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
 LICKING COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 ROAD AND BRIDGE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 73,000	\$ 72,790	\$ 74,139	\$ 1,349
Intergovernmental	11,093	11,093	9,427	(1,666)
Miscellaneous	17,747	17,747	724	(17,023)
Total Receipts	101,840	101,630	84,290	(17,340)
Disbursements				
Current:				
Public Works	135,500	135,500	58,500	77,000
Capital Outlay	3,290	3,290	-	3,290
Total Disbursements	138,790	138,790	58,500	80,290
Receipts Over (Under) Disbursements	(36,950)	(37,160)	25,790	62,950
Other Financing Sources (Uses)				
Transfers-Out	(106)	(106)	-	106
Total Other Financing Sources (Uses)	(106)	(106)	-	106
Net Change in Fund Balance	(37,056)	(37,266)	25,790	63,056
Fund Balance Beginning of Year	37,266	37,266	37,266	-
Fund Balance End of Year	<u>\$ 210</u>	<u>\$ -</u>	<u>\$ 63,056</u>	<u>\$ 63,056</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
LICKING COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
SPECIAL LEVY (FIRE) FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 29,527	\$ 29,422	\$ 29,918	\$ 496
Intergovernmental	4,000	4,000	3,640	(360)
Miscellaneous	466	466	257	(209)
Total Receipts	<u>33,993</u>	<u>33,888</u>	<u>33,815</u>	<u>(73)</u>
Disbursements				
Current:				
General Government	71,393	71,393	484	70,909
Public Safety	19,000	19,000	18,002	998
Total Disbursements	<u>90,393</u>	<u>90,393</u>	<u>18,486</u>	<u>71,907</u>
Net Change in Fund Balance	(56,400)	(56,505)	15,329	71,834
Fund Balance Beginning of Year	<u>56,506</u>	<u>56,506</u>	<u>56,506</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 106</u>	<u>\$ 1</u>	<u>\$ 71,835</u>	<u>\$ 71,834</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
 LICKING COUNTY, OHIO
 STATEMENT OF NET ASSETS - CASH BASIS
 DECEMBER 31, 2005

		<u>Governmental Activities</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$	353,871
Total Assets	<u>\$</u>	<u>353,871</u>
Net Assets		
Restricted for:		
Debt Service	\$	4,187
Other Purposes		273,487
Unrestricted		76,197
Total Net Assets	<u>\$</u>	<u>353,871</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
LICKING COUNTY, OHIO
STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2005

	<u>Program Cash Receipts</u>				<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General Government	\$ 82,255	\$ 6,200	\$ -	\$ -	\$ (76,055)
Public Safety	18,007	-	3,591	-	(14,416)
Public Works	244,004	-	134,242	31,942	(77,820)
Health	7,032	2,100	-	-	(4,932)
Capital Outlay	35,292	-	-	-	(35,292)
Debt Service:					
Principal	7,857	-	-	-	(7,857)
Interest	719	-	-	-	(719)
Total Governmental Activities	<u>\$ 395,166</u>	<u>\$ 8,300</u>	<u>\$ 137,833</u>	<u>\$ 31,942</u>	<u>(217,091)</u>
General Receipts:					
Property Taxes					136,956
Grants and Entitlements not Restricted to a Specific Program					75,287
Proceeds of Notes					34,500
Earnings on Investment					3,600
Miscellaneous					6,195
Total General Receipts					<u>256,538</u>
Change in Net Assets					39,447
Net Assets Beginning of Year					314,424
Net Assets End of Year					<u>\$ 353,871</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
LICKING COUNTY, OHIO
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
DECEMBER 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire Special Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 76,197	\$ 105,581	\$ 37,266	\$ 56,506	\$ 78,321	\$ 353,871
Total Assets	<u>\$ 76,197</u>	<u>\$ 105,581</u>	<u>\$ 37,266</u>	<u>\$ 56,506</u>	<u>\$ 78,321</u>	<u>\$ 353,871</u>
Fund Balances:						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$ 76,197	\$ -	\$ -	\$ -	\$ -	\$ 76,197
Special Revenue Funds	-	105,581	37,266	56,506	74,134	273,487
Debt Service Funds	-	-	-	-	4,187	4,187
Total Fund Balances	<u>\$ 76,197</u>	<u>\$ 105,581</u>	<u>\$ 37,266</u>	<u>\$ 56,506</u>	<u>\$ 78,321</u>	<u>\$ 353,871</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
LICKING COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Gasoline Tax	Road and Bridge	Fire Special Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 28,770	\$ -	\$ 68,402	\$ 31,518	\$ 8,266	\$ 136,956
Licenses, Permits and Fees	6,200	-	-	-	2,100	8,300
Intergovernmental	75,287	105,172	18,132	3,591	42,880	245,062
Earnings on Investments	1,328	1,779	-	-	493	3,600
Miscellaneous	140	-	6,055	-	-	6,195
Total Receipts	<u>111,725</u>	<u>106,951</u>	<u>92,589</u>	<u>35,109</u>	<u>53,739</u>	<u>400,113</u>
Disbursements						
Current:						
General Government	81,668	-	-	587	-	82,255
Public Safety	-	-	-	18,007	-	18,007
Public Works	-	80,069	121,198	-	42,737	244,004
Health	6,972	-	-	-	60	7,032
Capital Outlay	-	-	35,000	-	292	35,292
Debt Service:						
Principal Retirement	-	-	-	-	7,857	7,857
Interest and Fiscal Charges	-	-	-	-	719	719
Total Disbursements	<u>88,640</u>	<u>80,069</u>	<u>156,198</u>	<u>18,594</u>	<u>51,665</u>	<u>395,166</u>
Receipts over (under) disbursements	23,085	26,882	(63,609)	16,515	2,074	4,947
Other Financing Sources (Uses)						
Proceeds of Notes	-	-	34,500	-	-	34,500
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>34,500</u>	<u>-</u>	<u>-</u>	<u>34,500</u>
Net Change in Fund Balances	23,085	26,882	(29,109)	16,515	2,074	39,447
Fund Balances Beginning of Year	<u>53,112</u>	<u>78,699</u>	<u>66,375</u>	<u>39,991</u>	<u>76,247</u>	<u>314,424</u>
Fund Balances End of Year	<u>\$ 76,197</u>	<u>\$ 105,581</u>	<u>\$ 37,266</u>	<u>\$ 56,506</u>	<u>\$ 78,321</u>	<u>\$ 353,871</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
 LICKING COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 24,625	\$ 24,625	\$ 28,770	\$ 4,145
Licenses, Permits and Fees	5,000	5,000	6,200	1,200
Intergovernmental	29,800	29,800	75,287	45,487
Earnings on Investments	600	600	1,328	728
Miscellaneous	664	664	140	(524)
Total Receipts	60,689	60,689	111,725	51,036
Disbursements				
Current:				
General Government	94,460	94,460	81,668	12,792
Public Works	4	4	-	4
Health	13,050	13,050	6,972	6,078
Capital Outlay	1,767	1,767	-	1,767
Total Disbursements	109,281	109,281	88,640	20,641
Receipts Over (Under) Disbursements	(48,592)	(48,592)	23,085	71,677
Other Financing Sources (Uses)				
Transfers-Out	(4,000)	(4,000)	-	4,000
Other Financing Uses	(432)	(432)	-	432
Total Other Financing Sources (Uses)	(4,432)	(4,432)	-	4,432
Net Change in Fund Balance	(53,024)	(53,024)	23,085	76,109
Fund Balance Beginning of Year	53,112	53,112	53,112	-
Fund Balance End of Year	\$ 88	\$ 88	\$ 76,197	\$ 76,109

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
 LICKING COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 GASOLINE TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 27,000	\$ 27,000	\$ 105,172	\$ 78,172
Earnings on Investments	723	723	1,779	1,056
Total Receipts	<u>27,723</u>	<u>27,723</u>	<u>106,951</u>	<u>79,228</u>
Disbursements				
Current:				
Public Works	103,550	103,550	80,069	23,481
Capital Outlay	2,500	2,500	-	2,500
Total Disbursements	<u>106,050</u>	<u>106,050</u>	<u>80,069</u>	<u>25,981</u>
Receipts Over (Under) Disbursements	(78,327)	(78,327)	26,882	105,209
Other Financing Sources (Uses)				
Transfers-Out	<u>(255)</u>	<u>(255)</u>	-	<u>255</u>
Total Other Financing Sources (Uses)	<u>(255)</u>	<u>(255)</u>	-	<u>255</u>
Net Change in Fund Balance	(78,582)	(78,582)	26,882	105,464
Fund Balance Beginning of Year	<u>78,699</u>	<u>78,699</u>	<u>78,699</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 117</u>	<u>\$ 117</u>	<u>\$ 105,581</u>	<u>\$ 105,464</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
 LICKING COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 ROAD AND BRIDGE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 71,721	\$ 71,721	\$ 68,402	\$ (3,319)
Intergovernmental	1,030	6,630	18,132	11,502
Miscellaneous	-	-	6,055	6,055
Total Receipts	<u>72,751</u>	<u>78,351</u>	<u>92,589</u>	<u>14,238</u>
Disbursements				
Current:				
Public Works	132,000	143,100	121,198	21,902
Capital Outlay	7,000	36,000	35,000	1,000
Total Disbursements	<u>139,000</u>	<u>179,100</u>	<u>156,198</u>	<u>22,902</u>
Receipts Over (Under) Disbursements	(66,249)	(100,749)	(63,609)	37,140
Other Financing Sources (Uses)				
Proceeds of Notes	-	34,500	34,500	-
Transfers-Out	(126)	(126)	-	126
Total Other Financing Sources (Uses)	<u>(126)</u>	<u>34,374</u>	<u>34,500</u>	<u>126</u>
Net Change in Fund Balance	(66,375)	(66,375)	(29,109)	37,266
Fund Balance Beginning of Year	<u>66,375</u>	<u>66,375</u>	<u>66,375</u>	<u>-</u>
Fund Balance End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,266</u>	<u>\$ 37,266</u>

See accompanying notes to the financial statements

HOPEWELL TOWNSHIP
 LICKING COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 SPECIAL LEVY (FIRE) FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 32,658	\$ 32,658	\$ 31,518	\$ (1,140)
Intergovernmental	824	824	3,591	2,767
Total Receipts	<u>33,482</u>	<u>33,482</u>	<u>35,109</u>	<u>1,627</u>
Disbursements				
Current:				
General Government	54,873	54,873	587	54,286
Public Safety	18,600	18,600	18,007	593
Total Disbursements	<u>73,473</u>	<u>73,473</u>	<u>18,594</u>	<u>54,879</u>
Net Change in Fund Balance	(39,991)	(39,991)	16,515	56,506
Fund Balance Beginning of Year	<u>39,991</u>	<u>39,991</u>	<u>39,991</u>	<u>-</u>
Fund Balance End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,506</u>	<u>\$ 56,506</u>

See accompanying notes to the financial statements

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

Note 1 – Reporting Entity

Hopewell Township, Licking County, Ohio (the Township), is a body politic and corporate established in 1812 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 elected officials serve four year terms.

A. Primary Government

The Township consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and fire protection. Police protection for the Township is provided by the Licking County Sheriff.

B. Component Units

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a *cash* basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *cash* basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its governmental activities. 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.

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township programs 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 rather than reporting funds by type. 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 a separate 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 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. The Township's major governmental funds are the General Fund, Special Levy (Fire) Fund, Road and Bridge Fund and Gasoline Tax Fund.

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.

Special Levy (Fire) Fund - The Fire Fund is used to account for the proceeds of property tax revenues and charges for services to provide fire protection to the Township and other residents.

Road and Bridge Fund - The Road and Bridge Fund is used to account for the proceeds of property tax money for constructing, maintaining and repairing Township roads.

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

Gasoline Tax Fund – The Gasoline Tax Fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

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

C. Basis of Accounting

The Township's financial statements are prepared using the *cash* basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred

As a result of the use of this *cash* basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued 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 resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, 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 certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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

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

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.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts during 2006 were \$2,409 credited to the General Fund, \$3,157 to the Gasoline Tax Fund, and \$1,053 to Other Governmental Funds. Interest receipts during 2005 were \$1,328 credited to the General Fund, \$1,779 to the Gasoline Tax Fund, and \$493 to Other Governmental Funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no restricted assets at year-end.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. 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.

J. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Net Assets

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

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.

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

L. Fund Balance Reserves

The Township reserves any portion of fund balances which are not available for appropriation or which is legally segregated for a specific future use. There were no designations at year-end. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. There were no reserves at year-end.

M. Interfund Transactions

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

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. There were no such activities for the year.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and all major Special Revenue funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the *cash* basis is that outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (*cash* basis). The Township had no encumbrances outstanding at year end 2006 and year end 2005.

Note 4 – Deposits and Investments

State statutes classify deposits held by the Township 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.

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

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. Payment for investments may be made only upon the delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk for deposits 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. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. The securities must be obligations of or guaranteed by the United States and must mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities, subject to a repurchase agreement, must exceed the value of the principal by 2% and be marked to market daily.

As of December 31, 2006 and 2005, the carrying amount of the Township's deposits was \$386,736 and \$353,871, respectively, as compared to bank balances of \$367,804 and \$396,427, respectively. Of the bank balances at December 31, 2006 and 2005, \$100,000 and \$100,000 respectively was on deposit and

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

covered by federal depository insurance and in 2006 and 2005, respectively \$267,804 and \$296,427 were collateralized by a pool of securities maintained by the Township's financial institution but not in the Township's name.

Interest Rate Risk – the Ohio Revised Code generally limits security purchases to those that mature within five years of settlement.

Credit Risk – The Township's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on the individual securities do not exceed income generated from the remaining portfolio.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Township has no investment policy dealing with custodial credit risk beyond the requirements of the State which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The Township places no limit on the amount the Township may invest in one issuer.

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 deposit being secured. The Township had no investments at year-end.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. 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 circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2005, were levied after October 1, 2005, 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, 2004, 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 in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on

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

the true value as of December 31, 2005. Tangible personal property tax receipts in 2005 (other than public utility property) represent the collection of 2004 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 year ended December 31, 2006 and 2005, was \$7.80 and \$7.80, respectively per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which property tax receipts were based are as follows:

	Year Ended December 31, 2006	Year Ended December 31, 2005
Real Property:		
Residential and Agricultural	\$ 20,936,820	\$ 19,014,850
Commercial	188,100	99,770
Public Utility:		
Personal Property	868,480	932,600
Tangible:		
Personal Property	117,700	128,850
Total Assessed Value	<u>\$ 22,111,100</u>	<u>\$ 20,176,070</u>

Note 6 – Risk Management

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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage - 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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 for claims that occurred prior to January 1, 2006 and \$3,000,000 to \$13,000,000 for claims that occurring after January 1, 2006 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 an annual aggregate limit of \$10,000,000.

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. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

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

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 value. 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 & 2005 was \$1,901,127 and \$1,712,113, respectively.

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 township.

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

Members may withdraw on each anniversary of the date they joined OTARMA. They must 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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

Casualty Coverage	2006	2005
Assets	\$ 32,031,312	\$ 30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained Earnings	\$ 20,587,360	\$ 18,141,062
Property Coverage	2006	2005
Assets	\$ 10,010,963	\$ 9,177,796
Liabilities	(676,709)	(1,406,031)
Retained Earnings	\$ 9,334,254	\$ 7,771,765

The casualty coverage assets and retained earnings above include approximately \$12.1 million and \$11.6 million of unpaid claims to be billed to approximately 958 member townships in the future, as of December 31, 2006 and 2005, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment.

Note 7 – 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 Township participates only in the traditional plan.

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan. 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 year ended December 31, 2006 and 2005, members were required to contribute 9 percent and 8.5 percent, respectively of their annual covered salaries and the Township's contribution rate for 2006 and 2005 was 13.70 percent and 13.55 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2006, 2005 and 2004 were \$10,029, \$11,229 and \$10,208, respectively. The full amount has been contributed for all years.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with the traditional plan. Health care coverage for disability recipients and primary survivor recipients is available. 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 plan is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate was 13.7 and 13.55 percent, respectively of covered payroll; 4.50 and 4.0 percent, respectively of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005 (the latest information available), include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine 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 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$3,294. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

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.

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

Note 9 - Debt

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

	Interest Rate	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
Governmental Activities:						
Dump Truck	7.15%	\$ 7,857	\$ -	\$ 7,857	\$ -	\$ -
Tractor	4.80%	-	34,500	6,188	28,312	6,589
Total		\$ 7,857	\$34,500	\$ 14,045	\$ 28,312	\$6,589

The tractor note also relates to the purchase of a tractor. The term of the note is 5 years. The note is collateralized by the tractor.

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

	<u>Principal</u>	<u>Interest</u>
2007	\$ 6,589	\$ 1,359
2008	6,905	1,043
2009	7,237	711
2010	7,581	367
Total	\$ 28,312	\$ 3,480

Note 10 - 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.

Note 11 - Change in Accounting Principle

For 2005, the Township implemented GASB Statement No. 40 "Deposit and Investment Risk Disclosures." GASB Statement No. 40 establishes disclosure requirements for investment credit risks, interest rate risk, deposit custodial risk and foreign currency risk.

The implementation of GASB Statement No. 40 did not affect the presentation of the financial statements of the Township.

Note 12 - Contingent Liabilities

The Township may be a defendant in various lawsuits. Although management cannot presently determine the outcome of these suits, it is the opinion of the Township legal counsel that the resolution of these matters will not materially adversely affect the Township's financial condition.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
REQUIRED BY GOVERNMENT AUDITING STANDARDS

Hopewell Township, Licking County
5901 Mulberry Road SE
Newark, Ohio 43055-9458

To the Board of Trustees:

We have audited the financial statements of Hopewell Township, Licking County, Ohio (the "Township") as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated August 24, 2007, wherein we noted the Township followed the cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We also noted the Township presented its financial statements in accordance with GASB Statement Number 34. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying schedule of findings, item 2006-HTLC-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2006-HTLC-001.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We noted certain matters that we have reported to management of the Township in a separate letter dated September 18, 2007.

This report is intended solely for the information and use of the finance committee, management and the Board. It is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
September 18, 2007

**HOPEWELL TOWNSHIP
LICKING COUNTY**

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

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE GAGAS</p>
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FINDING NUMBER 2006-HTLC-001 – NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Ohio Admin. Code Section 117-2-02(A) provides that all local public offices should 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 and finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook (revised December 2006) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

During 2005 and 2006, the Township recorded various intergovernmental grants and property tax receipts as miscellaneous receipts. The accounts were adjusted to reclassify to intergovernmental and property tax receipts. The Township is in agreement.

We recommend the Township follow the Ohio Township Handbook to properly classify its transactions.

The Clerk agrees and will categorize all intergovernmental grants properly in the future.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the years ending December 31, 2004 and 2003, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

HOPEWELL TOWNSHIP

LICKING 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
NOVEMBER 8, 2007**