

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

AUDIT REPORT

JANUARY 1, 2006 – DECEMBER 31, 2007

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Licking Township
8615 Black Run Road
Nashport, Ohio 43830

We have reviewed the *Independent Auditors' Report* of Licking Township, Muskingum County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2006 through December 31, 2007. 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. Licking Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 7, 2008

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**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Licking Township
Muskingum County
8615 Black Run Road
Nashport, Ohio 43830

We have audited the accompanying financial statements of the governmental activities, major funds and aggregate remaining fund information of Licking Township, Muskingum County as of and for the years ended December 31, 2007 and 2006, which collectively comprised the Township's basic financial statements. 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 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 that our audit provides a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 27, 2008, on our consideration of Licking Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering 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 Government 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 27, 2008

**LICKING TOWNSHIP, MUSKINGUM COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

This discussion and analysis of the Licking Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 and 2006 are as follows:

The Township's general receipts are primarily Real Estate and property taxes for governmental activities for the year. Tax receipts for 2007 and 2006 changed very little compared to 2005 as development within the Township has stayed about the same.

In 2006 the Township issued debt to be used for street paving.

In 2006, the Township issued debt to purchase a backhoe.

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 statement of activities provide information about the cash activities of the Township as a whole. The statement of cash basis assets and fund balances, and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic 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.

**LICKING TOWNSHIP, MUSKINGUM COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
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 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 expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statements of net assets and statements of activities for 2007 and 2006 reflect how the Township did financially within the limitations of the cash basis of accounting. The statement of net assets present 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 programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

In the statement of net assets and the statement of activities, we divide the government into governmental activities. All of the Township's basic services are reported here, including road maintenance. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**LICKING TOWNSHIP, MUSKINGUM COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

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.

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 nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for 2007 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Fire District Fund. The Township's major governmental funds for 2006 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund, and Note Retirement Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the township reports on the cash basis.

The Government as a Whole

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

Table 1
NET ASSETS

	<u>Governmental Activities</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets			
Cash	\$ 175,663	\$ 118,337	\$ 76,535
Total Assets	<u>175,663</u>	<u>118,337</u>	<u>76,535</u>
Net Assets			
Restricted for:			
Other Purposes	65,765	71,590	45,329
Debt Service	15,030	14,470	1,539
Capital Projects	252	252	252
Unrestricted	<u>94,616</u>	<u>32,025</u>	<u>6,970</u>
Total Net Assets	<u>\$ 175,663</u>	<u>\$ 118,337</u>	<u>\$ 76,535</u>

**LICKING TOWNSHIP, MUSKINGUM COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

Table 2 reflects the changes in net assets in 2007 and 2006 and 2005

Table 2
CHANGES IN NET ASSETS

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Operating Grants	\$ 98,497	\$ 95,838	\$ 89,994
Charges for Services	1,160	2,410	2,595
Total Program Receipts	<u>99,627</u>	<u>98,248</u>	<u>92,589</u>
General Receipts:			
Property and Other Tax	249,345	216,319	208,713
Grants and Entitlements not Restricted	100,196	56,250	105,502
Interest	1,026	777	491
Special Assessments	25,195	19,120	22,657
Debt Proceeds	-	94,312	-
Miscellaneous	5,059	2,560	2,595
Total General Receipts	<u>380,821</u>	<u>389,338</u>	<u>338,958</u>
Total Receipts	<u>480,478</u>	<u>487,586</u>	<u>431,547</u>
Disbursements:			
General Government	94,626	88,541	96,203
Public Safety	107,000	113,000	101,000
Public Works	180,031	126,518	247,940
Health	4,010	4,375	5,236
Capital Outlay	-	94,312	-
Debt Service-Principal	31,759	16,891	19,126
Interest	5,726	2,147	3,353
Total Disbursements	<u>423,152</u>	<u>445,784</u>	<u>472,858</u>
Increase/(Decrease) In Net Assets	<u>57,326</u>	<u>41,802</u>	<u>(41,311)</u>
Net Assets, January 1	<u>118,337</u>	<u>76,535</u>	<u>117,846</u>
Net Assets, December 31	<u>\$ 175,663</u>	<u>\$ 118,337</u>	<u>\$ 76,535</u>

Program receipts represent 21%, 20%, and 21% of total receipts for 2007, 2006 and 2005, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 79%, 80% and 79% of the Township's total receipts for 2007, 2006 and 2005, respectively. Local taxes represent 65%, 56% and 62% of the general receipts. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities.

**LICKING TOWNSHIP, MUSKINGUM COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
UNAUDITED**

The Government's Funds

Total governmental funds had receipts of \$480,478 and \$487,586 for 2007 and 2006 and disbursements of \$423,152 and \$445,784 for 2007 and 2006, respectively.

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 and disbursements. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Township made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For 2007 and 2006, actual receipts were greater than budgeted receipts.

Final budgeted disbursements for 2007 and 2006 were \$142,872 and \$116,526, respectively. Actual disbursements for 2007 and 2006 were \$93,427 and \$87,498, respectively. The Township kept spending close to budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

Debt

As of December 31, 2007, the Township has outstanding debt in the amount of \$79,443 with \$15,545 due within one year. The debt is a promissory note used to purchase a backhoe for Township use and G.O. Bonds to be used for paving of Township roads. Payments are made annually.

Contacting the Government'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 David Hanby, Fiscal Officer, 8615 Black Run Road, Nashport, Ohio 43830.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 175,663</u>
Total Assets	<u>\$ 175,663</u>
NET ASSETS:	
Restricted for:	
Other Purposes	65,765
Debt Service	15,030
Capital Projects	252
Unrestricted	<u>94,616</u>
Total Net Assets	<u><u>\$ 175,663</u></u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
General Government	\$ 94,626	\$ -	\$ -	\$ -	\$ (94,626)
Public Safety	107,000	-	-	-	(107,000)
Public Works	180,031	-	98,497	-	(81,534)
Health	4,010	1,160	-	-	(2,850)
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal Retirement	31,759	-	-	-	(31,759)
Interest and Fiscal Charges	5,726	-	-	-	(5,726)
	<u>\$ 423,152</u>	<u>\$ 1,160</u>	<u>\$ 98,497</u>	<u>\$ -</u>	<u>\$ (323,495)</u>
Total Governmental Activities	<u>\$ 423,152</u>	<u>\$ 1,160</u>	<u>\$ 98,497</u>	<u>\$ -</u>	<u>\$ (323,495)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	249,345
Grants and Entitlements not	
Restricted to Specific Programs	100,196
Interest	1,026
Special Assessment	25,195
Miscellaneous	5,059
	<u>380,821</u>
Total General Receipts	<u>380,821</u>
Change in Net Assets	57,326
Net Assets Beginning of Year	<u>118,337</u>
Net Assets End of Year	<u>\$ 175,663</u>

See notes to the basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:						
Equity in Pooled Cash and cash Equivalents	\$ 94,616	\$ 35,644	\$ 14,897	\$ 11,370	\$ 19,136	\$ 175,663
Total Assets	<u>\$ 94,616</u>	<u>\$ 35,644</u>	<u>\$ 14,897</u>	<u>\$ 11,370</u>	<u>\$ 19,136</u>	<u>\$ 175,663</u>
Fund Balances:						
Unreserved:						
General Fund	94,616	-	-	-	-	94,616
Special Revenue Fund	-	35,644	14,897	11,370	3,854	65,765
Debt Service	-	-	-	-	15,030	15,030
Capital Projects	-	-	-	-	252	252
Total Fund Balances	<u>\$ 94,616</u>	<u>\$ 35,644</u>	<u>\$ 14,897</u>	<u>\$ 11,370</u>	<u>\$ 19,136</u>	<u>\$ 175,663</u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS						
Property and Other Local Taxes	\$ 75,311	\$ -	\$ 59,784	\$ 101,399	\$ 12,851	\$ 249,345
Special Assessments	-	-	-	-	25,195	25,195
Licences, Permits and Fees	-	-	-	-	-	-
Intergovernmental	77,341	89,000	9,533	13,322	9,497	198,693
Earnings on Investments	807	198	-	-	21	1,026
Miscellaneous	2,559	2,500	-	-	1,160	6,219
Total Receipts	<u>156,018</u>	<u>91,698</u>	<u>69,317</u>	<u>114,721</u>	<u>48,724</u>	<u>480,478</u>
CASH DISBURSEMENTS:						
Current:						
General Government	91,427	-	1,200	1,999	-	94,626
Public Safety	-	-	-	107,000	-	107,000
Public Works	-	87,332	83,941	-	8,758	180,031
Health	2,000	-	-	-	2,010	4,010
Debt Service						
Principal Retirement	-	-	-	-	31,759	31,759
Interest and Fiscal Charges	-	-	-	-	5,726	5,726
Total Disbursements	<u>93,427</u>	<u>87,332</u>	<u>85,141</u>	<u>108,999</u>	<u>48,253</u>	<u>423,152</u>
Excess of Receipts Over (Under) Disbursements	62,591	4,366	(15,824)	5,722	471	57,326
Cash Fund Balances Beginning of Year	<u>32,025</u>	<u>31,278</u>	<u>30,721</u>	<u>5,648</u>	<u>18,665</u>	<u>118,337</u>
Cash Fund Balances End of Year	<u>\$ 94,616</u>	<u>\$ 35,644</u>	<u>\$ 14,897</u>	<u>\$ 11,370</u>	<u>\$ 19,136</u>	<u>\$ 175,663</u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
CASH RECEIPTS				
Property and Other Local Taxes	\$ 84,222	\$ 84,222	\$ 75,311	\$ (8,911)
Intergovernmental	25,925	25,925	77,341	51,416
Earnings on Investments	700	700	807	107
Miscellaneous	-	-	2,559	2,559
Total Receipts	<u>110,847</u>	<u>110,847</u>	<u>156,018</u>	<u>45,171</u>
CASH DISBURSEMENTS:				
Current:				
General Government	122,872	122,872	91,427	31,445
Public Works	15,000	15,000	-	15,000
Health	5,000	5,000	2,000	3,000
Total Disbursements	<u>142,872</u>	<u>142,872</u>	<u>93,427</u>	<u>49,445</u>
Excess of Receipts Over (Under) Disbursements	(32,025)	(32,025)	62,591	94,616
Cash Fund Balances Beginning of Year	<u>32,025</u>	<u>32,025</u>	<u>32,025</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,616</u>	<u>\$ 94,616</u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Intergovernmental	\$ 80,300	\$ 80,300	\$ 89,000	\$ 8,700
Earnings on Investments	200	200	198	(2)
Miscellaneous	-	-	2,500	2,500
Total Receipts	<u>80,500</u>	<u>80,500</u>	<u>91,698</u>	<u>11,198</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	111,778	111,778	87,332	24,446
Total Disbursements	<u>111,778</u>	<u>111,778</u>	<u>87,332</u>	<u>24,446</u>
Excess of Receipts Over (Under) Disbursements	(31,278)	(31,278)	4,366	35,644
Other Financing Sources (Uses)				
Transfers-In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash Fund balance	(31,278)	(31,278)	4,366	35,644
Cash Fund Balances Beginning of Year	<u>31,278</u>	<u>31,278</u>	<u>31,278</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,644</u>	<u>\$ 35,644</u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 53,761	\$ 53,761	\$ 59,784	\$ 6,023
Intergovernmental	17,200	17,200	9,533	(7,667)
Total Receipts	<u>70,961</u>	<u>70,961</u>	<u>69,317</u>	<u>(1,644)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	1,200	1,200	1,200	-
Public Works	100,482	100,482	83,941	16,541
Total Disbursements	<u>101,682</u>	<u>101,682</u>	<u>85,141</u>	<u>16,541</u>
Excess of Receipts Over (Under) Disbursements	(30,721)	(30,721)	(15,824)	14,897
Cash Fund Balances Beginning of Year	<u>30,721</u>	<u>30,721</u>	<u>30,721</u>	<u>-</u>
Cash Fund Balances End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,897</u></u>	<u><u>\$ 14,897</u></u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 107,238	\$ 107,238	\$ 101,399	\$ (5,839)
Intergovernmental	13,950	13,950	13,322	(628)
Total Receipts	<u>121,188</u>	<u>121,188</u>	<u>114,721</u>	<u>(6,467)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	3,000	3,000	1,999	1,001
Public Safety	123,836	123,836	107,000	16,836
Total Disbursements	<u>126,836</u>	<u>126,836</u>	<u>108,999</u>	<u>17,837</u>
Net Change in Cash Fund balance	(5,648)	(5,648)	5,722	11,370
Cash Fund Balances Beginning of Year	<u>5,648</u>	<u>5,648</u>	<u>5,648</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,370</u>	<u>\$ 11,370</u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 118,337</u>
Total Assets	<u>\$ 118,337</u>
NET ASSETS:	
Restricted for:	
Other Purposes	71,590
Debt Service	14,470
Capital Projects	252
Unrestricted	<u>32,025</u>
Total Net Assets	<u><u>\$ 118,337</u></u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities:					
General Government	\$ 88,541	\$ -	\$ -	\$ -	\$ (88,541)
Public Safety	113,000	-	-	-	(113,000)
Public Works	126,518	-	95,838	-	(30,680)
Health	4,375	2,410	-	-	(1,965)
Capital Outlay	94,312	-	-	-	(94,312)
Debt Service:					
Principal Retirement	16,891	-	-	-	(16,891)
Interest and Fiscal Charges	2,147	-	-	-	(2,147)
	\$ 445,784	\$ 2,410	\$ 95,838	\$ -	\$ (347,536)
Total Governmental Activities	\$ 445,784	\$ 2,410	\$ 95,838	\$ -	\$ (347,536)

General Receipts:

Property Taxes Levied for:	
General Purposes	216,319
Grants and Entitlements not	
Restricted to Specific Programs	56,250
Interest	777
Debt Proceeds	94,312
Special Assessment	19,120
Miscellaneous	2,560
	389,338
Total General Receipts	389,338
Change in Net Assets	41,802
Net Assets Beginning of Year	76,535
Net Assets End of Year	\$ 118,337

See notes to the basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Note Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:							
Equity in Pooled Cash and cash Equivalents	\$ 32,025	\$ 31,278	\$ 30,721	\$ 5,648	\$ 12,851	\$ 5,814	\$ 118,337
Total Assets	<u>\$ 32,025</u>	<u>\$ 31,278</u>	<u>\$ 30,721</u>	<u>\$ 5,648</u>	<u>\$ 12,851</u>	<u>\$ 5,814</u>	<u>\$ 118,337</u>
Fund Balances:							
Unreserved:							
General Fund	32,025	-	-	-	-	-	32,025
Special Revenue Fund	-	31,278	30,721	5,648	-	3,943	71,590
Debt Service	-	-	-	-	12,851	1,619	14,470
Capital Projects	-	-	-	-	-	252	252
Total Fund Balances	<u>\$ 32,025</u>	<u>\$ 31,278</u>	<u>\$ 30,721</u>	<u>\$ 5,648</u>	<u>\$ 12,851</u>	<u>\$ 5,814</u>	<u>\$ 118,337</u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	General	Gasoline Tax	Road and Bridge	Fire District	Note Retirement	Other Governmental Funds	Total Governmental Funds
CASH RECEIPTS							
Property and Other Local Taxes	\$ 61,423	\$ -	\$ 46,239	\$ 95,806	\$ 12,851	\$ -	\$ 216,319
Special Assessments	-	-	-	-	-	19,120	19,120
Intergovernmental	25,521	86,201	17,155	13,575	-	9,636	152,088
Earnings on Investments	601	162	-	-	-	14	777
Miscellaneous	60	-	-	-	-	2,410	2,470
Total Receipts	<u>87,605</u>	<u>86,363</u>	<u>63,394</u>	<u>109,381</u>	<u>12,851</u>	<u>31,180</u>	<u>390,774</u>
CASH DISBURSEMENTS:							
Current:							
General Government	85,573	-	1,099	1,869	-	-	88,541
Public Safety	-	-	-	113,000	-	-	113,000
Public Works	-	78,730	39,668	-	-	8,120	126,518
Health	1,925	-	-	-	-	2,450	4,375
Capital Outlay	-	-	-	-	55,487	38,825	94,312
Debt Service	-	-	-	-	-	16,891	16,891
Principal Retirement	-	-	-	-	-	2,147	2,147
Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Disbursements	<u>87,498</u>	<u>78,730</u>	<u>40,767</u>	<u>114,869</u>	<u>55,487</u>	<u>68,433</u>	<u>445,784</u>
Excess of Receipts Over (Under) Disbursements	107	7,633	22,627	(5,488)	(42,636)	(37,253)	(55,010)
Other Financing Sources (Uses)							
Debt Proceeds	-	-	-	-	55,487	38,825	94,312
Other Financing Sources	2,500	-	-	-	-	-	2,500
Total Other Financing Sources (Uses)	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,487</u>	<u>38,825</u>	<u>96,812</u>
Net Change in Cash Fund Balances	2,607	7,633	22,627	(5,488)	12,851	1,572	41,802
Cash Fund Balances Beginning of Year	<u>29,418</u>	<u>23,645</u>	<u>8,094</u>	<u>11,136</u>	<u>-</u>	<u>4,242</u>	<u>76,535</u>
Cash Fund Balances End of Year	<u>\$ 32,025</u>	<u>\$ 31,278</u>	<u>\$ 30,721</u>	<u>\$ 5,648</u>	<u>\$ 12,851</u>	<u>\$ 5,814</u>	<u>\$ 118,337</u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 55,533	\$ 55,533	\$ 61,423	\$ 5,890
Intergovernmental	31,275	31,275	25,521	(5,754)
Earnings on Investments	300	300	601	301
Miscellaneous	-	-	60	60
Total Receipts	<u>87,108</u>	<u>87,108</u>	<u>87,605</u>	<u>497</u>
CASH DISBURSEMENTS:				
Current:				
General Government	102,026	102,026	85,573	16,453
Public Works	10,000	10,000	-	10,000
Health	4,500	4,500	1,925	2,575
Total Disbursements	<u>116,526</u>	<u>116,526</u>	<u>87,498</u>	<u>29,028</u>
Excess of Receipts Over (Under) Disbursements	(29,418)	(29,418)	107	29,525
Other Financing Sources (Uses)				
Other Financing Sources	-	-	2,500	2,500
Total Other Financing Sources (Uses)	-	-	2,500	2,500
Net Change in Cash Fund balance	(29,418)	(29,418)	2,607	32,025
Cash Fund Balances Beginning of Year	<u>29,418</u>	<u>29,418</u>	<u>29,418</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,025</u>	<u>\$ 32,025</u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH 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>		
CASH RECEIPTS				
Intergovernmental	\$ 87,920	\$ 87,920	\$ 86,201	\$ (1,719)
Earnings on Investments	80	80	162	82
Total Receipts	<u>88,000</u>	<u>88,000</u>	<u>86,363</u>	<u>(1,637)</u>
CASH DISBURSEMENTS:				
Current:				
Public Works	111,645	111,645	78,730	32,915
Total Disbursements	<u>111,645</u>	<u>111,645</u>	<u>78,730</u>	<u>32,915</u>
Excess of Receipts Over (Under) Disbursements	(23,645)	(23,645)	7,633	31,278
Other Financing Sources (Uses)				
Transfers-In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash Fund balance	(23,645)	(23,645)	7,633	31,278
Cash Fund Balances Beginning of Year	<u>23,645</u>	<u>23,645</u>	<u>23,645</u>	<u>-</u>
Cash Fund Balances End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 31,278</u></u>	<u><u>\$ 31,278</u></u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
CASH RECEIPTS				
Property and Other Local Taxes	\$ 56,135	\$ 56,135	\$ 46,239	\$ (9,896)
Intergovernmental	8,000	8,000	17,155	9,155
Total Receipts	<u>64,135</u>	<u>64,135</u>	<u>63,394</u>	<u>(741)</u>
CASH DISBURSEMENTS:				
Current:				
General Government	1,100	1,100	1,099	1
Public Works	71,129	56,677	39,668	17,009
Total Disbursements	<u>72,229</u>	<u>57,777</u>	<u>40,767</u>	<u>17,010</u>
Excess of Receipts Over (Under) Disbursements	(8,094)	6,358	22,627	16,269
Other Financing Sources (Uses)				
Transfers-In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Cash Fund balance	(8,094)	6,358	22,627	16,269
Cash Fund Balances Beginning of Year	<u>8,094</u>	<u>8,094</u>	<u>8,094</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ 14,452</u>	<u>\$ 30,721</u>	<u>\$ 16,269</u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT 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>		
CASH RECEIPTS				
Property and Other Local Taxes	\$ 90,072	\$ 94,154	\$ 95,806	\$ 1,652
Intergovernmental	12,000	13,501	13,575	74
Total Receipts	<u>102,072</u>	<u>107,655</u>	<u>109,381</u>	<u>1,726</u>
CASH DISBURSEMENTS:				
Current:				
General Government	3,000	3,000	1,869	1,131
Public Safety	110,208	113,008	113,000	8
Total Disbursements	<u>113,208</u>	<u>116,008</u>	<u>114,869</u>	<u>1,139</u>
Net Change in Cash Fund balance	(11,136)	(8,353)	(5,488)	2,865
Cash Fund Balances Beginning of Year	<u>11,136</u>	<u>11,136</u>	<u>11,136</u>	<u>-</u>
Cash Fund Balances End of Year	<u>\$ -</u>	<u>\$ 2,783</u>	<u>\$ 5,648</u>	<u>\$ 2,865</u>

See notes to basic financial statements.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF THE REPORTING ENTITY

Reporting Entity

The Township of Licking, Muskingum County, 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 and a publicly elected Fiscal Officer.

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.

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 governmental services, road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Licking Township Fire Department for fire and emergency medical services.

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.

Licking Township has no component units.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interest in joint ventures.

The Township participates in a public entity risk pool. Note 5 to the financial statements provide additional information for this entity. This organization is: Public Entity Risk Pool: Ohio Government Risk Management Plan (the Plan). The Plan provides property, casualty and liability coverage.

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

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, in which case GASB prevails. Following are more of the Township's accounting policies.

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. 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. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

The statement of net assets present 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 programs 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 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 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.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into one category: 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 for 2007 and 2006 are the General Fund and Gasoline Tax Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund is used for the maintenance and up keep of roads. The Road and Bridge Fund is used for the maintenance and up keep of roads. The Fire District Fund collects taxes and pays for the fire protection. The Note Retirement Fund pays the Township's debt. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

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. There were no modifications having substantial support.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities (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.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

All funds are legally required to be budgeted and appropriated (except certain agency funds). 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 set 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 in the original budget on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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

Cash and Investments

To improve cash management, cash received by the Township is deposited into a checking account which earns .577 percent interest. In 2007 and 2006, interest credited to the General Fund was \$807 and \$601, respectively.

Restricted Assets

Cash and cash equivalents 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.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Note 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

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

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 gasoline tax receipts used for the upkeep of Township roads and bridges, real estate tax used for fire protection, permissive tax used for upkeep of roads.

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.

Fund Balance Reserve

The Township may reserve any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Fund Balance reserves have been established for encumbrances as of December 31, 2007 and 2006. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

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.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods 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 cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide statements, transfers within governmental activities are eliminated.

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 is prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no outstanding encumbrances at December 31, 2007 and 2006.

4. DEPOSITS

Monies held by the Township are classified by State 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, including negotiable order of withdrawal (NOW) accounts.

Inactive deposits are public deposits that the Township has 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:

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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 issuance 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 obligation 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 obligation 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.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution, to secure the repayment of all public monies deposited with the institution. The Huntington Bank is the financial institution for Licking Township.

The Township did not have any undeposited cash on hand for 2007 and 2006.

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 the possession of an outside party. At year ended December 31, 2007, \$88,259 of the Township's bank balance of \$188,259 was exposed to custodial risk because their deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. At year ended December 31, 2006, \$28,899 of the Township's bank balance of \$128,899 was exposed to custodial risk because their 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.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

4. DEPOSITS (Continued)

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

5. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lessor of 15% or \$37,500 of casualty losses and the lessor of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligations to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

	<u>2006</u>	<u>2005</u>
Assets	\$ 9,620,148	\$ 8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Retained Earnings	<u>\$ 6,290,528</u>	<u>\$ 5,470,791</u>

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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, 2007 and 2006, the members in the traditional plan, were required to contribute 9.5 and 9.0, percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 and 2006 was 13.85 percent and 13.70 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 and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$9,294, \$8,156, and \$10,401, respectively. The full amount has been contributed for 2007, 2006 and 2005. Contributions to the member-directed plan for 2007 were \$9,294 made by the Township and \$6,375 made by the plan members.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (Continued)

Post Employment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit. 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 portion of employer contributions in 2007, for all employers, allocated to health care was 5.0% percent from January 1 through June 30, 2007 and 6.0% from July 1, 2007 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 percent and 5 percent annually for the next eight years and 4 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 362,130. Actual employer contributions for 2007 and 2006 which were used to fund postemployment benefits was \$3,691 and \$2,679, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. DEBT

Long -term debt of the Township as of December 31, 2007 were as follows:

	Balance January 1 2006	Additions	Deductions	Balance December 31 2007	Amount Due Within One Year
GO Bond	\$ 33,781	\$ -	\$ 33,781	\$ -	\$ -
GO Bond	-	38,825	4,847	33,978	5,012
Backhoe Note	-	55,487	10,022	45,465	10,533
Totals	<u>\$ 33,781</u>	<u>\$ 94,312</u>	<u>\$ 48,650</u>	<u>\$ 79,443</u>	<u>\$ 15,545</u>

The General Obligation Bonds were issued to finance road paving projects. The bonds are collateralized solely by the Township's taxing authority. Payments are made annually.

A promissory note was issued for the purchase of a backhoe to be used for Township road maintenance. This note is collateralized by the backhoe. Payments are made annually.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31	Principal	Interest	Total
2008	\$ 15,545	\$ 3,965	\$ 19,510
2009	16,325	3,185	19,510
2010	17,145	2,366	19,511
2011	18,004	1,505	19,509
2012	6,057	602	6,659
2013-2017	6,367	308	6,675
Total	<u>\$ 79,443</u>	<u>\$ 11,931</u>	<u>\$ 91,374</u>

8. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstance, State statute permits alternate payment dates to be established.

Public utilities are also taxed on personal and real property located in the Township.

Tangible personal property tax is assessed by the property owners, who must be file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Township.

**LICKING TOWNSHIP
MUSKINGUM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY TAXES (Continued)

The full tax rate for all Township operations for the year ended December 31, 2007, was \$5.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$ 45,411,640
Agriculture	-
Commercial/Industrial/Mineral	1,580,220
Public Utility Property	
Real	-
Personal	1,659,200
Tangible Personal Property	380,597
Total Assessed Value	<u>\$ 49,031,657</u>

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Licking Township
Muskingum County
8615 Black Run Road
Nashport, Ohio 43830

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Licking Township, Muskingum County, Ohio, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 27, 2008, 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 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 Control Over Financial Reporting

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

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

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 internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted certain matters that we have reported to management in a separate letter dated May 27, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Licking Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 did not disclose any instance of noncompliance or other matters that we must report under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Licking Township in a separate letter dated May 27, 2008.

This report is intended for the information of the Township's management, fiscal officer, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
May 27, 2008



Mary Taylor, CPA
Auditor of State

LICKING TOWNSHIP

MUSKINGUM 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 22, 2008**