

**RUTLAND TOWNSHIP
MEIGS COUNTY
Regular Audit
December 31, 2007 and 2006**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Rutland Township
P.O. Box 203
Rutland, Ohio 45775

We have reviewed the *Independent Accountants' Report* of Rutland Township, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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. Rutland Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 20, 2008

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MEIGS COUNTY**

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MEIGS COUNTY**

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Perry & Associates
Certified Public Accountants, A.C.

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INDEPENDENT ACCOUNTANTS' REPORT

April 16, 2008

Rutland Township
Meigs County
PO Box 326
Rutland, Ohio 45775

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 **Rutland Township, Meigs County, Ohio**, (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Township has prepared these financial statements and notes using the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America (GAAP).

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of **Rutland Township, Meigs County, Ohio**, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road & Bridge, Cemetery, and Special Levy Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

Rutland Township
Meigs County
Independent Accountants' Report
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In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

Rutland Township, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

This discussion and analysis of Rutland Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007 within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$6,027, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund. This fund realized the greatest burden of increased costs in 2007; however, cost increases affected most funds.

The Government's general receipts are primarily property and income taxes. Property and income tax receipts for 2007 changed little in comparison to 2006, as development within the Township has slowed.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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 road maintenance, cemetery maintenance, and contracts for fire protection.

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type

Rutland Township, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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 governmental function or business-type 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, one 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, one 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 and income taxes.

Activities of the Township are listed in the statement of net assets and statement of activities.

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

Reporting the Township's Most Significant Funds

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

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

Rutland Township, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The Township as a Whole

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

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$ 46,602	\$ 52,629	\$ 48,488
Total Assets	\$ 46,602	\$ 52,629	\$ 48,488
Net Assets			
Restricted for:			
Other Purposes	\$ 43,180	\$ 44,906	\$ 46,588
Unrestricted	3,422	7,723	1,900
Total Net Assets	\$ 46,602	\$ 52,629	\$ 48,488

As mentioned previously, net assets of governmental activities decreased \$6,027 during 2007. The primary reasons contributing to the decreases in cash balances are as follows:

- Slow growth in local tax receipts
- Increases in salaries
- Increases in health benefits costs

Rutland Township, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2007, 2006, and 2005 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 2,782	\$ 850	\$ 1,288
Operating Grants and Contributions	115,015	109,297	272,533
Total Program Receipts	117,797	110,147	273,821
General Receipts:			
Property and Other Local Taxes	80,436	69,271	68,048
Grants and Entitlements Not Restricted to Specific Programs	29,195	32,171	25,619
Interest	548	544	915
Miscellaneous	1,735	71,883	1,661
Total General Receipts	111,914	173,869	96,243
Total Receipts	229,711	284,016	370,064
Disbursements:			
General Government	42,926	40,316	56,089
Public Safety	35,891	28,421	27,980
Health	28,283	30,422	21,312
Public Works	116,157	125,716	257,995
Capital Outlay	-	55,000	-
Debt Service Principal	9,967	-	2,000
Interest and Fiscal Charges	2,514	-	110
Total Disbursements	235,738	279,875	365,486
Increase (Decrease) in Net Assets	(6,027)	4,141	4,578
Net Assets, January 1	52,629	48,488	43,910
Net Assets, December 31	\$ 46,602	\$ 52,629	\$ 48,488

Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, cemetery money, and fire contract funds.

General receipts represent 49% of the Township's total receipts, and of this amount, over 72% are property and local taxes. State and Federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, management attempts to limit these costs.

Rutland Township, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Public Safety is the costs of fire protection; Health is the maintenance of the Township's cemeteries; and Public Works is the cost of repairing and maintaining Township roads.

Governmental Activities

If you look at the "Statement of Activities" which is attached, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the 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 that ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts that 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.

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$ 42,926	\$ (42,859)	\$ 40,316	\$ (40,247)	\$ 56,089	\$ (55,968)
Public Safety	35,891	(29,064)	28,421	(15,531)	27,980	(22,054)
Public Health Services	28,283	(24,985)	30,422	(29,041)	21,312	(19,473)
Public Works	116,157	(8,553)	125,716	(29,910)	257,995	(7,940)
Capital Outlay	-	-	55,000	(55,000)	-	-
Principal Retirement	9,967	(9,967)	-	-	2,000	(2,000)
Interest and Fiscal Charges	2,514	(2,514)	-	-	110	(110)
Total Expenses	\$ 235,738	\$ (117,942)	\$ 279,875	\$ (169,729)	\$ 365,486	\$ (91,665)

The Township's Funds

Total government funds had receipts of \$229,711 and disbursements of \$235,738. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased by \$4,302 as a result of increased costs for salaries, benefits, and health insurance.

Government receipts were less than disbursements by \$6,027, indicating that the General Fund is in a deficit spending situation.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General, Gasoline Tax, Road & Bridge, Cemetery, and Special Levy Funds.

During 2007, the difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$36,787, while actual disbursements were \$34,719. The Township kept spending close to the budgeted amounts, as demonstrated by the minor reported variances. The result is the decrease in fund balance of \$4,302 for 2007.

Rutland Township, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2007, the Township's outstanding debt included \$55,000 for a new Case Backhoe. By December 31, 2007, the outstanding debt was reduced to \$45,033. For further information regarding the Township's debt, refer to Note 10 and to the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public, while staying within the restrictions imposed by limited, and in some cases, shrinking funds. The Township relies heavily on local taxes and has little industry to support the tax base. The Township reviewed its sources and found it necessary to ask for a road maintenance levy, which was approved by the voters in November 2007. The Township will begin receiving revenue from this levy in 2008.

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 Opal L. Dyer, Fiscal Officer, PO Box 326, Rutland OH 45775.

Rutland Township, Meigs County
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 46,602
<i>Total Assets</i>	46,602
Net Assets	
Restricted for:	
Other Purposes	43,180
Unrestricted	3,422
<i>Total Net Assets</i>	\$ 46,602

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Charges for Services</u> <u>and Sales</u>	<u>Program Cash Receipts</u> <u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Disbursements) Receipts</u> <u>and Changes in Net Assets</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities				
General Government	\$ 42,926	\$ -	\$ 68	\$ (42,859)
Public Safety	35,891	-	6,827	(29,064)
Public Works	116,158	-	107,605	(8,553)
Health	28,283	2,782	516	(24,985)
Debt Service:				
Principal	9,967	-	-	(9,967)
Interest	2,514	-	-	(2,514)
<i>Total Governmental Activities</i>	<u>\$ 235,739</u>	<u>\$ 2,782</u>	<u>\$ 115,015</u>	<u>\$ (117,942)</u>
General Receipts				
Property Taxes				80,436
Grants and Entitlements not Restricted to Specific Programs				29,195
Interest				549
Miscellaneous				1,735
<i>Total General Receipts</i>				<u>111,915</u>
Change in Net Assets				<u>(6,027)</u>
<i>Net Assets Beginning of Year</i>				<u>52,629</u>
<i>Net Assets End of Year</i>				<u>\$ 46,602</u>

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road & Bridge</u>	<u>Cemetery</u>	<u>Special Levy - Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 3,421	\$ 16,183	\$ 3,844	\$ 18,749	\$ 3,151	\$ 1,254	\$ 46,602
<i>Total Assets</i>	<u>3,421</u>	<u>16,183</u>	<u>3,844</u>	<u>18,749</u>	<u>3,151</u>	<u>1,254</u>	<u>46,602</u>
Fund Balances							
Unreserved:							
General Fund	3,421	-	-	-	-	-	3,421
Special Revenue Funds	-	16,183	3,844	18,749	3,151	1,254	43,181
<i>Total Fund Balances</i>	<u>\$ 3,421</u>	<u>\$ 16,183</u>	<u>\$ 3,844</u>	<u>\$ 18,749</u>	<u>\$ 3,151</u>	<u>\$ 1,254</u>	<u>\$ 46,602</u>

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	General	Gasoline Tax	Road & Bridge	Cemetery	Special Levy	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 9,281	\$ -	\$ 19,306	\$ 19,398	\$ 32,451	\$ -	\$ 80,436
Intergovernmental	20,674	96,334	3,067	3,040	5,143	15,369	143,627
Interest	462	85	-	-	-	68	615
Other	-	-	-	3,298	-	-	3,298
<i>Total Receipts</i>	<u>30,417</u>	<u>96,419</u>	<u>22,373</u>	<u>25,736</u>	<u>37,594</u>	<u>15,437</u>	<u>227,976</u>
Disbursements							
Current:							
General Government	34,719	8,207	-	-	-	-	42,926
Public Safety	-	-	-	-	35,891	-	35,891
Public Works	-	75,314	26,187	-	-	14,656	116,157
Health	-	-	-	28,283	-	-	28,283
Debt Service:							
Principal Retirement	-	9,967	-	-	-	-	9,967
Interest and Fiscal Charges	-	2,514	-	-	-	-	2,514
<i>Total Disbursements</i>	<u>34,719</u>	<u>96,002</u>	<u>26,187</u>	<u>28,283</u>	<u>35,891</u>	<u>14,656</u>	<u>235,738</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,302)	417	(3,814)	(2,547)	1,703	781	(7,762)
Other Financing Sources (Uses)							
Other Financing Sources	-	1,735	-	-	-	-	1,735
<i>Net Change in Fund Balances</i>	(4,302)	2,152	(3,814)	(2,547)	1,703	781	(6,027)
<i>Fund Balances Beginning of Year</i>	<u>7,723</u>	<u>14,031</u>	<u>7,658</u>	<u>21,296</u>	<u>1,448</u>	<u>473</u>	<u>52,629</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,421</u>	<u>\$ 16,183</u>	<u>\$ 3,844</u>	<u>\$ 18,749</u>	<u>\$ 3,151</u>	<u>\$ 1,254</u>	<u>\$ 46,601</u>

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 8,803	\$ 8,803	\$ 9,281	\$ 478
Intergovernmental	20,261	20,261	20,674	413
Interest	-	-	462	462
<i>Total receipts</i>	<u>29,064</u>	<u>29,064</u>	<u>30,417</u>	<u>1,353</u>
Disbursements				
Current:				
General Government	<u>36,787</u>	<u>36,787</u>	<u>34,719</u>	<u>2,068</u>
<i>Total Disbursements</i>	<u>36,787</u>	<u>36,787</u>	<u>34,719</u>	<u>2,068</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,723)</u>	<u>(7,723)</u>	<u>(4,302)</u>	<u>3,421</u>
<i>Fund Balance Beginning of Year</i>	<u>7,723</u>	<u>7,723</u>	<u>7,723</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,421</u>	<u>\$ 3,421</u>

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 83,460	\$ 83,460	\$ 96,334	\$ 12,874
Interest	150	150	85	(65)
<i>Total receipts</i>	<u>83,610</u>	<u>83,610</u>	<u>96,419</u>	<u>12,809</u>
Disbursements				
Current:				
General Government	9,000	8,986	8,207	779
Public Works	76,159	76,159	75,314	845
Debt Service:				
Principal Retirement	9,953	9,967	9,967	0
Interest and Fiscal Charges	2,528	2,528	2,514	14
<i>Total Disbursements</i>	<u>97,641</u>	<u>97,641</u>	<u>96,002</u>	<u>1,639</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,031)</u>	<u>(14,031)</u>	<u>417</u>	<u>14,448</u>
Other Financing Sources (Uses)				
Other Financing Sources	-	-	1,735	1,735
<i>Net Change in Fund Balance</i>	(14,031)	(14,031)	2,152	16,183
<i>Fund Balance Beginning of Year</i>	<u>14,031</u>	<u>14,031</u>	<u>14,031</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,183</u>	<u>\$ 16,183</u>

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Road & Bridge Fund
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 18,601	\$ 18,601	\$ 19,306	\$ 705
Intergovernmental	2,126	2,126	3,067	941
<i>Total receipts</i>	<u>20,727</u>	<u>20,727</u>	<u>22,373</u>	<u>1,646</u>
Disbursements				
Current:				
Public Works	28,385	28,385	26,187	2,198
<i>Total Disbursements</i>	<u>28,385</u>	<u>28,385</u>	<u>26,187</u>	<u>2,198</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,658)</u>	<u>(7,658)</u>	<u>(3,814)</u>	<u>3,844</u>
<i>Fund Balance Beginning of Year</i>	<u>7,658</u>	<u>7,658</u>	<u>7,658</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 3,844</u>	<u>\$ 3,844</u>

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Cemetery Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 18,376	\$ 18,376	\$ 19,398	\$ 1,022
Intergovernmental	2,258	2,258	3,040	782
Other	1,500	1,500	3,298	1,798
<i>Total receipts</i>	22,134	22,134	25,736	3,602
Disbursements				
Current:				
Health	43,430	43,430	28,283	15,147
<i>Total Disbursements</i>	43,430	43,430	28,283	15,147
<i>Excess of Receipts Over (Under) Disbursements</i>	(21,296)	(21,296)	(2,547)	18,749
<i>Fund Balance Beginning of Year</i>	21,296	21,296	21,296	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 18,749	\$ 18,749

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Special Levy Fund
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 32,565	\$ 32,565	\$ 32,451	\$ (114)
Intergovernmental	1,978	1,978	5,143	3,165
<i>Total receipts</i>	<u>34,543</u>	<u>34,543</u>	<u>37,594</u>	<u>3,051</u>
Disbursements				
Current:				
General Government	-			-
Public Safety	35,991	35,990	35,891	99
<i>Total Disbursements</i>	<u>35,991</u>	<u>35,990</u>	<u>35,891</u>	<u>99</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,448)</u>	<u>(1,447)</u>	<u>1,703</u>	<u>3,150</u>
<i>Fund Balance Beginning of Year</i>	<u>1,448</u>	<u>1,448</u>	<u>1,448</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 3,151</u>	<u>\$ 3,150</u>

The notes to the financial statements are an integral part of this statement.

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

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

Highlights

Key highlights for 2006 are as follows:

Net assets increased \$4,141, or 7.9%. The fund most affected by the increase in cash was the Cemetery Fund.

The Township's program receipts are primarily intergovernmental grants and entitlements. These receipts represent 39% of the total cash received for governmental activities. The Township's general receipts are primarily property taxes, and these receipts represent 61% of the total cash received for governmental activities.

The Township unexpectedly borrowed \$55,000 to purchase a new Case 580SMII Backhoe at the end of the year. These monies are included in governmental activities.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type 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 governmental function or business-type 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, one 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, one 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.

Activities of the Township are listed in the statement of net assets and statement of activities.

Governmental Activities - The Township's basic services are reported here. Gasoline tax, along with property tax and other tax, finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

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

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

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

The Township as a Whole

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

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$ 52,629	\$ 48,488
Total Assets	\$ 52,629	\$ 48,488
 Net Assets		
Restricted for:		
Other Purposes	\$ 44,906	\$ 46,588
Unrestricted	7,723	1,900
Total Net Assets	\$ 52,629	\$ 48,488

As mentioned previously, net assets of governmental activities increased \$4,141, or 7.9% during 2006. The primary reasons contributing to the increases in cash balances is the growth in local property tax receipts.

Rutland Township, Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2006
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	\$ 850	\$ 1,288
Operating Grants and Contributions	109,297	272,533
Total Program Receipts	110,147	273,821
General Receipts:		
Property and Other Local Taxes	69,271	68,048
Grants and Entitlements Not Restricted to Specific Programs	32,171	25,619
Interest	544	915
Note Proceeds	55,000	-
Miscellaneous	16,883	1,661
Total General Receipts	173,869	96,243
Total Receipts	284,016	370,064
Disbursements:		
General Government	40,316	56,089
Public Safety	28,421	27,980
Health	30,422	21,312
Public Works	125,716	257,995
Capital Outlay	55,000	-
Debt Service Principal	-	2,000
Interest and Fiscal Charges	-	110
Total Disbursements	279,875	365,486
Increase (Decrease) in Net Assets	4,141	4,578
Net Assets, January 1	48,488	43,910
Net Assets, December 31	\$ 52,629	\$ 48,488

Program receipts represent only 39% of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 61% of the Township's total receipts, and of this amount, over 41% are property and local taxes. Unrestricted grants and entitlements make up the balance of the Township's general receipts of 59%. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, management attempts to limit these costs.

Public Safety is the costs of fire protection; Health is the maintenance of the Township's cemeteries; and Public Works is the cost of repairing and maintaining Township roads.

Governmental Activities

If you look at the "Statement of Activities" which is attached, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the 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 that ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts that 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.

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$ 40,316	\$ (40,246)	\$ 56,089	\$ (55,968)
Public Safety	28,421	(15,531)	27,980	(22,054)
Public Health Services	30,422	(29,041)	21,312	(19,473)
Public Works	125,716	(29,910)	257,995	7,940
Capital Outlay	55,000	(55,000)	-	-
Principal Retirement	-	-	2,000	(2,000)
Interest and Fiscal Charges	-	-	110	(110)
Total Expenses	<u>\$ 279,875</u>	<u>\$ (169,728)</u>	<u>\$ 365,486</u>	<u>\$ (91,665)</u>

The Township's Funds

Total government funds had receipts of \$284,016 and disbursements of \$279,875. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased by \$5,823 as a result of having sufficient funds in other funds to pay miscellaneous costs for supplies, etc.

Government receipts were greater than disbursements by \$4,141, indicating that the Township is economically holding steady.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General, Gasoline Tax, Road & Bridge, Cemetery, and Special Levy Funds.

During 2006, the Township amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

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

The Township also amended its Gasoline Tax and Special Levy (Fire) Funds. The difference between final budgeted receipts and actual receipts was not significant.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2006, the Township's outstanding debt included \$55,000 for a new Case Backhoe. For further information regarding the Township's debt, refer to Note 9 and to the basic financial statements.

Current Issues

Rutland Township does not look for any major changes within its operations during the next few years. It does not foresee any new industries locating within the Township. The current plan is to update the levies with replacements instead of renewals. To get new homes in the Township, it will need a rural water system. Without a new water system, the population will remain the same.

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 Opal L. Dyer, Fiscal Officer, PO Box 326, Rutland OH 45775.

Rutland Township, Meigs County
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 52,629
<i>Total Assets</i>	52,629
Net Assets	
Restricted for:	
Other Purposes	44,906
Unrestricted	7,723
<i>Total Net Assets</i>	\$ 52,629

The notes to the financial statements are an integral part of this statement.

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

	<u>Program Cash Receipts</u>		<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental Activities					
General Government	\$ 40,316	\$ -	\$ 70		\$ (40,246)
Public Safety	28,421	-	12,890		(15,531)
Public Works	125,716	-	95,806		(29,910)
Health	30,422	850	531		(29,041)
Capital Outlay	55,000	-	-		(55,000)
<i>Total Governmental Activities</i>	<u>\$ 279,875</u>	<u>\$ 850</u>	<u>\$ 109,297</u>		<u>\$ (169,728)</u>
General Receipts					
Property Taxes					69,271
Grants and Entitlements not Restricted to Specific Programs					32,171
Interest					544
Note Proceeds					55,000
Miscellaneous					16,883
<i>Total General Receipts</i>					<u>173,869</u>
Change in Net Assets					<u>4,141</u>
<i>Net Assets Beginning of Year</i>					<u>48,488</u>
<i>Net Assets End of Year</i>					<u>\$ 52,629</u>

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road & Bridge</u>	<u>Cemetery</u>	<u>Special Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 7,723	\$ 14,031	\$ 7,658	\$ 21,295	\$ 1,449	\$ 473	\$ 52,629
<i>Total Assets</i>	<u>7,723</u>	<u>14,031</u>	<u>7,658</u>	<u>21,295</u>	<u>1,449</u>	<u>473</u>	<u>52,629</u>
Fund Balances							
Unreserved:							
General Fund	7,723	-	-	-	-	-	7,723
Special Revenue Funds	-	14,031	7,658	21,295	1,449	473	44,906
<i>Total Fund Balances</i>	<u>7,723</u>	<u>14,031</u>	<u>7,658</u>	<u>21,295</u>	<u>1,449</u>	<u>473</u>	<u>52,629</u>

The notes to the financial statements are an integral part of this statement.

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

	General	Gasoline Tax	Road & Bridge	Cemetery	Special Levy	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 8,868	\$ -	\$ 18,478	\$ 18,520	\$ 23,405	\$ -	\$ 69,271
Intergovernmental	25,192	78,847	13,260	3,718	4,170	15,679	140,866
Interest	457	87	-	-	-	67	611
Other	255	13,942	-	1,381	-	2,080	17,658
<i>Total Receipts</i>	<u>34,772</u>	<u>92,876</u>	<u>31,738</u>	<u>23,619</u>	<u>27,575</u>	<u>17,826</u>	<u>228,406</u>
Disbursements							
Current:							
General Government	28,971	8,500	-	-	-	2,844	40,315
Public Safety	-	-	-	-	28,421	-	28,421
Public Works	-	77,367	28,573	-	-	19,775	125,715
Health	-	-	-	30,422	-	-	30,422
Capital Outlay	-	55,000	-	-	-	-	55,000
<i>Total Disbursements</i>	<u>28,971</u>	<u>140,867</u>	<u>28,573</u>	<u>30,422</u>	<u>28,421</u>	<u>22,619</u>	<u>279,873</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	5,801	(47,991)	3,165	(6,803)	(846)	(4,793)	(51,467)
Other Financing Sources (Uses)							
Loan Proceeds	-	55,000	-	-	-	-	55,000
Other Financing Sources	22	48	-	-	-	538	608
<i>Total Other Financing Sources (Uses)</i>	22	55,048	-	-	-	538	55,608
<i>Net Change in Fund Balances</i>	5,823	7,057	3,165	-	(846)	(4,255)	4,141
<i>Fund Balances Beginning of Year</i>	<u>1,900</u>	<u>6,974</u>	<u>4,493</u>	<u>28,098</u>	<u>2,295</u>	<u>4,728</u>	<u>48,488</u>
<i>Fund Balances End of Year</i>	<u>\$ 7,723</u>	<u>\$ 14,031</u>	<u>\$ 7,658</u>	<u>\$ 21,295</u>	<u>\$ 1,449</u>	<u>\$ 473</u>	<u>\$ 52,629</u>

The notes to the financial statements are an integral part of this statement.

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

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 8,547	\$ 8,547	\$ 8,868	\$ 321
Intergovernmental	21,740	25,410	25,192	(218)
Interest	250	250	457	207
Other	300	300	255	(45)
<i>Total receipts</i>	<u>30,837</u>	<u>34,507</u>	<u>34,772</u>	<u>265</u>
Disbursements				
Current:				
General Government	30,393	36,407	28,971	7,436
<i>Total Disbursements</i>	<u>30,393</u>	<u>36,407</u>	<u>28,971</u>	<u>7,436</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>444</u>	<u>(1,900)</u>	<u>5,801</u>	<u>7,701</u>
Other Financing Sources (Uses)				
Other Financing Sources	3,670	-	22	22
<i>Total Other Financing Sources (Uses)</i>	<u>3,670</u>	<u>-</u>	<u>22</u>	<u>22</u>
<i>Net Change in Fund Balance</i>	4,114	(1,900)	5,823	7,723
<i>Fund Balance Beginning of Year</i>	<u>1,900</u>	<u>1,900</u>	<u>1,900</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 6,014</u>	<u>\$ -</u>	<u>\$ 7,723</u>	<u>\$ 7,723</u>

The notes to the financial statements are an integral part of this statement.

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

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 77,000	\$ 132,000	\$ 78,847	\$ (53,153)
Interest	147	147	87	(60)
Other	-	-	13,942	13,942
<i>Total receipts</i>	<u>77,147</u>	<u>132,147</u>	<u>92,876</u>	<u>(39,271)</u>
Disbursements				
Current:				
General Government	-	8,800	8,500	300
Public Works	70,173	73,321	77,367	(4,046)
Capital Outlay	2,000	2,000	55,000	(53,000)
Debt Service:				
Principal Retirement	133	-	-	-
<i>Total Disbursements</i>	<u>72,306</u>	<u>84,121</u>	<u>140,867</u>	<u>(56,746)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,841</u>	<u>48,026</u>	<u>(47,991)</u>	<u>(96,017)</u>
Other Financing Sources (Uses)				
Loan Proceeds	-	-	55,000	55,000
Other Financing Sources	-	-	48	48
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>55,048</u>	<u>55,048</u>
<i>Net Change in Fund Balance</i>	4,841	48,026	7,057	(40,969)
<i>Fund Balance Beginning of Year</i>	<u>6,974</u>	<u>6,974</u>	<u>6,974</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 11,815</u></u>	<u><u>\$ 55,000</u></u>	<u><u>\$ 14,031</u></u>	<u><u>\$ (40,969)</u></u>

The notes to the financial statements are an integral part of this statement.

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

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 18,059	\$ 18,059	\$ 18,478	\$ 419
Intergovernmental	4,777	4,777	13,260	8,483
<i>Total receipts</i>	<u>22,836</u>	<u>22,836</u>	<u>31,738</u>	<u>8,902</u>
Disbursements				
Current:				
General Government	-	7,320	-	7,320
Public Works	19,682	20,009	28,573	(8,564)
<i>Total Disbursements</i>	<u>19,682</u>	<u>27,329</u>	<u>28,573</u>	<u>(1,244)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,154</u>	<u>(4,493)</u>	<u>3,165</u>	<u>7,658</u>
<i>Fund Balance Beginning of Year</i>	<u>4,493</u>	<u>4,493</u>	<u>4,493</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 7,647</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,658</u></u>	<u><u>\$ 7,658</u></u>

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Cemetery Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 17,841	\$ 17,841	\$ 18,520	\$ 679
Intergovernmental	1,167	1,167	3,718	2,551
Other	2,244	1,531	1,381	(150)
<i>Total receipts</i>	<u>21,252</u>	<u>20,539</u>	<u>23,619</u>	<u>3,080</u>
Disbursements				
Current:				
Health	30,131	38,241	30,422	7,819
<i>Total Disbursements</i>	<u>30,131</u>	<u>38,241</u>	<u>30,422</u>	<u>7,819</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,879)</u>	<u>(17,702)</u>	<u>(6,803)</u>	<u>10,899</u>
<i>Fund Balance Beginning of Year</i>	<u>28,098</u>	<u>28,098</u>	<u>28,098</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 19,219</u></u>	<u><u>\$ 10,396</u></u>	<u><u>\$ 21,295</u></u>	<u><u>\$ 10,899</u></u>

The notes to the financial statements are an integral part of this statement.

Rutland Township, Meigs County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Levy Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 22,407	\$ 23,405	\$ 23,405	\$ -
Intergovernmental	3,413	4,415	4,170	(245)
<i>Total receipts</i>	<u>25,820</u>	<u>27,820</u>	<u>27,575</u>	<u>(245)</u>
Disbursements				
Current:				
Public Safety	27,760	28,115	28,421	(306)
<i>Total Disbursements</i>	<u>27,760</u>	<u>28,115</u>	<u>28,421</u>	<u>(306)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,940)</u>	<u>(295)</u>	<u>(846)</u>	<u>(551)</u>
<i>Fund Balance Beginning of Year</i>	<u>2,295</u>	<u>2,295</u>	<u>2,295</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 355</u>	<u>\$ 2,000</u>	<u>\$ 1,449</u>	<u>\$ (551)</u>

The notes to the financial statements are an integral part of this statement.

Note 1 – Reporting Entity

The Rutland Township, Meigs County, Ohio, is a body politic and corporate established prior to 1932 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer. The elected officials serve four year terms.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Rutland Volunteer Fire Department for fire protection. Meigs County Sheriff's Department and the Village of Rutland provide police protection.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. 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 modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements that 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 show governmental activities of the Township. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type 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.

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions, such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are categorized 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, Gasoline Tax, Road & Bridge, Cemetery, and Special Levy Funds.

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 to provide aggregate for roads, as well as other financial resources for the Township.

The Road & Bridge Fund is used to provide aggregate for roads, as well as other financial resources for the Township.

The Cemetery Fund is used to provide maintenance and upkeep for Township-operated cemeteries.

The Special Levy (Fire) Fund is used to contract with the local fire department to provide fire protection to the residents and businesses in the Township.

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

C. Basis of Accounting

The Township's financial statements are prepared using the modified 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 of this note.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

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

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control is established and approved at the fund, department, and object levels for all funds by the Board of Trustees. These appropriations are submitted to the Meigs County Auditor's office.

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

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

E. Cash and Investments

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

The Township had only demand deposits and no investments. During 2007, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit is reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 totaled \$463 and \$457 in 2006.

F. Restricted Assets

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

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.

Note 2 – Summary of Significant Accounting Policies (Continued)

I. 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.

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.

L. Fund Balance Reserves

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

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 are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in government funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

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 audit period.

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, Gasoline Tax, Road & Bridge, Cemetery, and Special Levy Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 4 – Deposits and Investments

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

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

Note 4 – Deposits and Investments (Continued)

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

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

1. United State 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.

Deposits

At year-end, the Township had \$-0- in undeposited cash on hand which is included as part of Equity in Pooled Cash and Cash Equivalents on the financial statements.

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

Note 4 – Deposits and Investments (Continued)

B. Investments

Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for on going operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 (2006) represent the collection of 2006 (2005) taxes. Public utility real and tangible personal property taxes received in 2007 (2006) became a lien on December 31, 2006 (2005), was levied after October 1, 2006 (2005) and is collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (2006) represent the collection of 2006 (2005) taxes. Tangible personal property taxes received in 2007 (2006) were levied after October 1, 2006 (2005), on the true value as of December 31, 2006 (2005). Tangible personal property taxes received in 2007 (2006) represent the collection of 2006 (2005) taxes. 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 (the latest information available) was \$17,638,630 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	\$ 7,602,307
Agricultural	\$ 7,189,270
Commercial/Industrial	\$ 897,450
Tangible Personal Property	\$ 64,100
Public Utility	<u>\$ 1,885,440</u>
Total Assessed Value	<u>\$17,638,630</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 governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Note 6 – Risk Management (Continued)

The most recent information on coverage is as follows:

Casualty Coverage

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

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

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

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

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

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

Financial Position

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

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

Note 6 – Risk Management (Continued)

Financial Position (Continued)

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2005	\$4,622
2006	\$4,622
2007	\$3,567

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

Note 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 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.

Note 7 – Defined Benefit Pension Plan (Continued)

A. Ohio Public Employees Retirement System (Continued)

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.0 percent of their annual covered salaries. For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5% of their annual covered salaries. The Ohio Revised Code provides statutory authority for member and employer contributions.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll, 4% of covered payroll was the portion that was used to fund healthcare.

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, include a rate of return on investments of 8.0 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 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 358,804. Actual employer contributions for 2006 that were used to fund postemployment benefits were \$156,685. 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 \$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.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. In 2006 it was 9.0. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, and 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

Rutland Township - Meigs County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2007

Note 9 – Notes Payable

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

Name	Description	Principal Outstanding			Principal Outstanding			Principal Outstanding
		12/31/05	Add	Deductions	12/31/06	Add	Deductions	12/31/07
Promissory Note	Backhoe	\$ -	\$ 55,000	\$ -	\$ 55,000	\$ -	\$ 9,967	\$ 45,033

The Promissory Note was issued in December 2006 to purchase a new Case 580SMII. The Township has set up a 5-year payment plan with payments made quarterly.

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

Year	Promissory Note	
	Principal	Interest
2008	\$10,481	\$2,000
2009	11,000	1504
2010	11,544	937
2011	12,008	366
Totals	<u>\$45,033</u>	<u>\$4,807</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$49,851 and an unvoted debt margin of \$0.

Perry & Associates
Certified Public Accountants, A.C.

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

April 16, 2008

Rutland Township
Meigs County
PO Box 326
Rutland, Ohio 43946

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Rutland Township, Meigs County, Ohio** (the Township) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

Internal Control Over Financial Reporting (Continued)

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 material weaknesses. We believe the significant deficiencies described above are not material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated April 16, 2008.

Compliance and Other Matters

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

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

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**RUTLAND TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2006-001

Noncompliance Citation/Significant Deficiency

26 Code of Federal Regulations Section 1.6041 states all persons engaged in a trade or business and making payment in the course of such trade or business to another person, of rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable gains and profits shall render a true and accurate return to the Secretary.

The Township utilized the services of the following individuals in 2006 and 2007 without submitting a 1099 for contract services, or a W-2 for their incomes: Josh Bolin, Mike Harmon, Jeff Harder, and Terry Congo.

We recommend the Township take steps to ensure 1099s are accurately prepared and include all amounts paid to persons who were paid more than \$600 by the Township. We also recommend all Township employees be entered into the Township's payroll system and work done by Township employees be included on their W-2s.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2006-002

Significant Deficiency

Posting Estimated Revenues and Appropriations

The Township did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Board of Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission.

We recommend the Township implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – We did not receive a response from officials to this finding.

**RUTLAND TOWNSHIP
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-RTMC-001	ORC § 5705.39 – Appropriations exceeded estimated fund resources.	Yes	



Mary Taylor, CPA
Auditor of State

RUTLAND TOWNSHIP

MEIGS 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 3, 2008**