



Mary Taylor, CPA
Auditor of State

**EDEN TOWNSHIP
SENECA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Eden Township
Seneca County
3223 County Road 6
P.O. Box 71
Melmore, Ohio 44845-0071

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 Eden Township, Seneca County, Ohio, (the Township), as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Eden Township, Seneca County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge and Special Levy Fire Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 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.



Mary Taylor, CPA
Auditor of State

May 28, 2008

**EDEN TOWNSHIP
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED**

This discussion and analysis of Eden Township's (the Township) 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 increased \$91,455 or 17.2 percent, from the prior year. The increase was due to less operational costs, extensive roadwork projects and no purchases of equipment.
- The Township's general receipts are primarily property taxes and intergovernmental revenues. These receipts represent respectively 36.5 percent and 52.5 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as development within the Township has slowed. Intergovernmental revenues increased due to receiving more estate tax during 2007.
- Estate Tax revenue increased by \$11,433 or 100 percent.
- Gas Tax revenue increased by \$4,927 or 5.9 percent due to the State increase in Fuel Excise Tax rates.

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.

**EDEN TOWNSHIP
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

In the statement of net assets and the statement of activities we report governmental activities which include the Township's basic services which include road maintenance. 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.

**EDEN TOWNSHIP
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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 are the General Fund, the Gasoline Tax Fund, the Road and Bridge Fund, and the Special Levy Fire Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

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

(Table 1)

Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$623,238	\$531,783
Net Assets		
Restricted for:		
Other Purposes	\$379,253	\$283,018
Unrestricted	243,985	248,765
Total Net Assets	\$623,238	\$531,783

As mentioned previously, net assets of governmental activities increased \$91,455 or 17.2 percent during 2007. The primary reason contributing to the increase was less roadwork projects and no purchases of equipment.

**EDEN TOWNSHIP
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$2,783	\$3,523
Operating Grants and Contributions	130,508	125,945
Capital Grants and Contributions	17,900	20,000
Total Program Receipts	151,191	149,468
General Receipts:		
Property Taxes Levied for:		
General Purposes	17,187	16,281
Road and Bridge	87,970	84,319
Special Levy Fire	31,586	30,318
Sale of Capital Assets		836
Grants and Entitlements Not Restricted to Specific Programs	48,022	36,589
Interest	13,674	14,587
Miscellaneous	24,842	4,874
Total General Receipts	223,281	187,804
Total Receipts	374,472	337,272
Disbursements:		
General Government	71,635	80,826
Public Safety	75	30
Public Works	133,831	208,879
Public Health Services	11,386	10,004
Other	19,120	
Capital Outlay	46,970	72,625
Total Disbursements	283,017	372,364
Increase/(Decrease) in Net Assets	91,455	(35,092)
Net Assets, January 1	531,783	566,875
Net Assets, December 31	\$623,238	\$531,783

Program receipts represent 40.4 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and Issue II money.

General receipts represent 59.6 percent of the Township's total receipts, and of this amount, over 61.2 percent are local taxes. State and federal grants and entitlements make up 21.5 percent. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**EDEN TOWNSHIP
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

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 board of trustees, and the fiscal officer, as well as internal services such as payroll and purchasing.

Public Safety is the costs of fire protection and emergency medical services; Public Works is the cost of maintaining the roads; Public Health Services is the cemetery and related costs; and Capital Outlay is the cost of road improvement. Other disbursements are very insignificant and somewhat unpredictable costs.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and public works, which account for 25.3 and 47.3 percent of all governmental disbursements, respectively. Capital outlay also represents a significant cost, about 16.6 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$71,635	\$71,635	\$80,826	\$80,826
Public Safety	75	(8,935)	30	(9,004)
Public Works	133,831	(7,445)	208,879	70,380
Public Health Services	11,386	11,386	10,004	10,004
Capital Outlay	46,970	46,970	72,625	72,625
Other	19,120	18,215		(1,935)
Total Expenses	\$283,017	\$131,826	\$372,364	\$222,896

The dependence upon property tax receipts is apparent as over 48.3 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts and other financing sources of \$374,472 and disbursements and other financing uses of \$283,017. The greatest change within governmental funds occurred within the Gasoline Tax and the Road and Bridge Funds. The fund balance of the Gasoline Tax Fund increased \$41,396 and the Road and Bridge Fund increased \$25,548 due to less road work in 2007.

Other Governmental Funds increased \$13,633.

**EDEN TOWNSHIP
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

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

During 2007, the Township amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were higher than original budgeted receipts due to not anticipating estate taxes. The difference between final budgeted receipts and actual receipts was \$128.

Final disbursements were budgeted at \$304,834 while actual disbursements and other financing uses were \$102,141. The Township kept spending under budgeted amounts as demonstrated by the positive reported variances of \$202,693.

Capital Assets and Debt Administration

Capital Assets

The Township does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Debt

At December 31, 2007, the Township did not have any outstanding debt.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Township has planned to reduce spending from the general fund for roadwork and operating supplies and depend more on Road and Bridge and Gasoline Tax Funds for those expenses.

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 Julie L. Vogel, Fiscal Officer, P.O. Box 71, Melmore, Ohio 44845-0071.

**EDEN TOWNSHIP
SENECA COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2007*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$623,238</u>
Net Assets	
Restricted for:	
Other Purposes	\$379,253
Unrestricted	<u>243,985</u>
<i>Total Net Assets</i>	<u><u>\$623,238</u></u>

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP
SENECA COUNTY**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2007*

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$71,635				(\$71,635)
Public Safety	75		\$9,010		8,935
Public Works	133,831	\$1,878	121,498	\$17,900	7,445
Public Health Services	11,386				(11,386)
Other	19,120	905			(18,215)
Capital Outlay	46,970				(46,970)
Total	\$283,017	\$2,783	\$130,508	\$17,900	(131,826)
		General Receipts			
		Property Taxes Levied for:			
					17,187
					87,970
					31,586
					48,022
					13,674
					24,842
					<i>Total General Receipts</i>
					223,281
					91,455
					<i>Net Assets Beginning of Year</i>
					531,783
					<i>Net Assets End of Year</i>
					\$623,238

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP
SENECA COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	General	Gasoline Tax	Road and Bridge	Special Levy Fire	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$243,985	\$136,009	\$111,443	\$63,852	\$67,949	\$623,238
Fund Balances						
Unreserved:						
Undesignated Reported in:						
General Fund	\$243,985					\$243,985
Special Revenue Funds		\$136,009	\$111,443	\$63,852	\$67,949	379,253
<i>Total Fund Balances</i>	\$243,985	\$136,009	\$111,443	\$63,852	\$67,949	\$623,238

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP
SENECA 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 and Bridge	Special Levy Fire	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$17,187		\$87,970	\$31,586		\$136,743
Licenses, Permits and Fees	905					905
Intergovernmental	50,241	\$88,436	11,539	4,147	\$42,067	196,430
Special Assessments					1,878	1,878
Interest	9,844	2,847			983	13,674
Other	64		2,513		3,145	5,722
<i>Total Receipts</i>	<u>78,241</u>	<u>91,283</u>	<u>102,022</u>	<u>35,733</u>	<u>48,073</u>	<u>355,352</u>
Disbursements						
Current:						
General Government	71,635					71,635
Public Safety				75		75
Public Works		49,887	76,474		7,470	133,831
Public Health Services	11,386					11,386
Capital Outlay				20,000	26,970	46,970
<i>Total Disbursements</i>	<u>83,021</u>	<u>49,887</u>	<u>76,474</u>	<u>20,075</u>	<u>34,440</u>	<u>263,897</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(4,780)</u>	<u>41,396</u>	<u>25,548</u>	<u>15,658</u>	<u>13,633</u>	<u>91,455</u>
Other Financing Source/(Uses)						
Other Financing Source	19,120					19,120
Other Financing Uses	(19,120)					(19,120)
<i>Total Other Financing Sources/(Uses)</i>						
<i>Net Change in Fund Balances</i>	(4,780)	41,396	25,548	15,658	13,633	91,455
<i>Fund Balances Beginning of Year</i>	<u>248,765</u>	<u>94,613</u>	<u>85,895</u>	<u>48,194</u>	<u>54,316</u>	<u>531,783</u>
<i>Fund Balances End of Year</i>	<u>\$243,985</u>	<u>\$136,009</u>	<u>\$111,443</u>	<u>\$63,852</u>	<u>\$67,949</u>	<u>\$623,238</u>

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP
SENECA COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$15,250	\$17,230	\$17,187	(\$43)
Licenses, Permits and Fees	1,000	1,000	905	(95)
Intergovernmental	34,809	50,079	50,241	162
Interest	5,000	10,000	9,844	(156)
Other	10	60	64	4
<i>Total Receipts</i>	<u>56,069</u>	<u>78,369</u>	<u>78,241</u>	<u>(128)</u>
Disbursements				
Current:				
General Government	140,539	140,539	71,635	68,904
Public Works	143,139	143,139		143,139
Public Health Services	11,156	13,156	11,386	1,770
Capital Outlay	10,000	8,000		8,000
<i>Total Disbursements</i>	<u>304,834</u>	<u>304,834</u>	<u>83,021</u>	<u>221,813</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(248,765)</u>	<u>(226,465)</u>	<u>(4,780)</u>	<u>221,685</u>
Other Financing Source				
Other Financing Source		19,120	19,120	
Other Financing Uses			(19,120)	(19,120)
<i>Total Other Financing Sources /(Uses)</i>		<u>19,120</u>		<u>(19,120)</u>
<i>Net Change in Fund Balance</i>	(248,765)	(207,345)	(4,780)	202,565
<i>Fund Balance Beginning of Year</i>	<u>\$248,765</u>	<u>248,765</u>	<u>248,765</u>	
<i>Fund Balance End of Year</i>		<u><u>\$41,420</u></u>	<u><u>\$243,985</u></u>	<u><u>\$202,565</u></u>

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP
SENECA 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>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$45,000	\$88,000	\$88,436	\$436
Interest	2,100	2,300	2,847	547
<i>Total Receipts</i>	<u>47,100</u>	<u>90,300</u>	<u>91,283</u>	<u>983</u>
Disbursements				
Current:				
Public Works	121,712	121,712	49,887	71,825
Capital Outlay	20,000	20,000		20,000
<i>Total Disbursements</i>	<u>141,712</u>	<u>141,712</u>	<u>49,887</u>	<u>91,825</u>
<i>Net Change in Fund Balance</i>	(94,612)	(51,412)	41,396	92,808
<i>Fund Balance Beginning of Year</i>	<u>\$94,613</u>	<u>94,613</u>	<u>94,613</u>	
<i>Fund Balance End of Year</i>		<u><u>\$43,201</u></u>	<u><u>\$136,009</u></u>	<u><u>\$92,808</u></u>

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP
SENECA COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$82,300	\$88,300	\$87,970	(\$330)
Intergovernmental	11,000	11,000	11,539	539
Other	2,600	2,600	2,513	(87)
<i>Total Receipts</i>	95,900	101,900	102,022	122
Disbursements				
Current:				
Public Works	171,795	171,795	76,474	95,321
Capital Outlay	10,000	10,000		10,000
<i>Total Disbursements</i>	181,795	181,795	76,474	105,321
<i>Net Change in Fund Balance</i>	(85,895)	(79,895)	25,548	105,443
<i>Fund Balance Beginning of Year</i>	\$85,895	85,895	85,895	
<i>Fund Balance End of Year</i>	\$6,000	\$6,000	\$111,443	\$105,443

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP
SENECA COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$30,600	\$32,200	\$31,586	(\$614)
Intergovernmental	3,400	3,400	4,147	747
Other	50	50		(50)
<i>Total Receipts</i>	34,050	35,650	35,733	83
Disbursements				
Current:				
Public Safety	1,244	1,244	75	1,169
Capital Outlay	81,000	81,000	20,000	61,000
<i>Total Disbursements</i>	82,244	82,244	20,075	62,169
<i>Net Change in Fund Balance</i>	(48,194)	(46,594)	15,658	62,252
<i>Fund Balance Beginning of Year</i>	\$48,194	49,194	48,194	
<i>Fund Balance End of Year</i>	\$2,600	\$2,600	\$63,852	\$62,252

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 1 – REPORTING ENTITY

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

The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Village of Sycamore for fire protection and the City of Tiffin and the Village of Sycamore for emergency medical services. Police protection is provided by the Seneca County Sheriff.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Based on these criteria, the Township has no component units.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

1. General Fund

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

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

2. Gasoline Tax Fund

The Gasoline Tax Fund receives state fuel excise taxes to pay for operating, constructing, maintaining and repairing Township Roads.

3. Road and Bridge Fund

The Road and Bridge Fund receives property tax monies for operating, constructing, maintaining and repairing Township roads and bridges.

4. Special Levy Fire Fund

The Special Levy Fire Fund receives property tax monies for provided fire protection for the citizens of 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 cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

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

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

E. Cash

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

During 2007, the Township had active funds in the form of a demand account (checking account) and a savings account with Fifth Third Bank, the Township’s designated depository bank.

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 was \$9,844 which includes \$4,491 assigned from other Township funds.

F. 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.

G. Capital Assets

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

H. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and postretirement health care benefits.

I. 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.

J. Net Assets

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

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

NOTE 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 and disbursements. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no difference between the budgetary basis and the cash basis in as much as the Township cancels outstanding year end encumbrances.

NOTE 4 – DEPOSITS

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

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

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

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

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

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

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 4 – DEPOSITS – (CONTINUED)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Township had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$532,984 of the Township's bank balance of \$632,984 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

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

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 5 – PROPERTY TAXES – (CONTINUED)

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

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. 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, 2007, was 4.1 mills 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	\$25,124,520
Agriculture	9,889,190
Commercial/Industrial/Mineral	975,170
Public Utility Property	
Personal	996,030
Tangible Personal Property	156,418
Total Assessed Value	<u><u>\$37,141,328</u></u>

NOTE 6 – RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 6 – RISK MANAGEMENT – (CONTINUED)

Casualty Coverage

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

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

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 6 – RISK MANAGEMENT – (CONTINUED)

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

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 \$11,544. 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.

<u>Contributions to OTARMA</u>	
2005	\$7,709
2006	\$7,159
2007	\$5,772

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.

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 7 – 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 year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005, were \$9,956, \$8,970 and \$8,140 respectively. The full amount has been contributed for 2007, 2006, and 2005. Contributions to the member-directed plan for 2007 were \$9,956 made by the Township and \$6,829 made by the plan members.

NOTE 8 - POSTEMPLOYMENT 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 qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 2007 local government employer contribution rate was 13.85 percent of covered payroll. The portion of covered payroll used to fund health care was 5.0 percent from January 1, 2007, through June 30, 2007, and 6.0 percent from July 1, 2007, through December 31, 2007.

**EDEN TOWNSHIP
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(Continued)**

NOTE 8 - POSTEMPLOYMENT BENEFITS – (CONTINUED)

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 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 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$7,556. 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2007, and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

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Mary Taylor, CPA

Auditor of State

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

Eden Township
Seneca County
3223 County Road 6
P.O. Box 71
Melmore, Ohio 44845-0071

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 Eden Township, Seneca County, (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 28, 2008, where in we noted the Township prepared its statements on the cash basis of accounting. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. 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 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies 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 reported to the Township's management in a separate letter dated May 28, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance matter that we reported to the Township's management in a separate letter dated May 28, 2008.

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



Mary Taylor, CPA
Auditor of State

May 28, 2008



Mary Taylor, CPA
Auditor of State

EDEN TOWNSHIP

SENECA 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
JUNE 19, 2008**