

MOHICAN TOWNSHIP

ASHLAND COUNTY

AUDIT REPORT

For the Years Ended December 31, 2009 and 2008

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



Mary Taylor, CPA
Auditor of State

Board of Trustees
Mohican Township
1761 Township Road 85
Jeromesville, OH 44840

We have reviewed the *Report of Independent Accountants* of Mohican Township, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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. Mohican Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 22, 2010

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**MOHICAN TOWNSHIP
ASHLAND COUNTY
AUDIT REPORT
For the Year Ended December 31, 2009 and 2008**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1 - 2
Management's Discussion and Analysis	3 - 8
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets-Cash Basis-2009	9
Statement of Net Assets-Cash Basis-2008	10
Statement of Activities-Cash Basis-2009	11
Statement of Activities-Cash Basis-2008	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances-2009	13
Statement of Cash Basis Assets and Fund Balances-2008	14
Statement of Cash Receipts, Cash Reimbursements, and Changes in Cash Basis Fund Balances-2009	15
Statement of Cash Receipts, Cash Reimbursements, and Changes in Cash Basis Fund Balances-2008	16
Statement of Cash Receipts, Cash Reimbursements, and Changes in Cash Basis Fund Balances-Budget and Actual-Budget Basis:	
General Fund-2009	17
General Fund-2008	18
Gasoline Tax Fund-2009	19
Gasoline Tax Fund-2008	20
Road and Bridge Fund-2009	21
Road and Bridge Fund-2008	22
Notes to the Basic Financial Statements	23 - 32
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33 - 34
Status of Prior Audit's Citations and Recommendations	35

REPORT OF INDEPENDENT ACCOUNTANTS

Mohican Township
Ashland County
1761 Township Road 85
Jeromesville, OH 44840

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 Mohican Township (Township) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the 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 basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township, as of December 31, 2009 and 2008, and the respective changes in cash basis financial position and the budgetary comparison for the General Fund, Gasoline Tax Fund, and Road and Bridge Fund for the years then ended in conformity with the basis of accounting Note 2 describes.

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, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 2010 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

May 4, 2010

Mohican Township, Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2008 and 2009
Unaudited

This discussion and analysis of Mohican Township (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2008 and 2009, 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 2009 are as follows:

Net assets of the Township's activities increased \$16,290, or 11 percent. The fund most affected by the change in cash was the General Fund.

The Township's receipts are primarily general property taxes. These receipts represent \$174,911, or 47 percent of the total cash received for Township activities during the year.

The township has no business-type activity.

Key highlights for 2008 are as follows:

Net assets of the Township's activities increased \$2,484, or 2 percent. The fund most affected by the change in cash was the Gasoline Tax Fund.

The Township's receipts are primarily general property taxes. These receipts represent \$159,385, or 45 percent of the total cash received for Township activities during the year.

The township has no business-type activity.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Township 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 Township-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.

Mohican Township, Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2008 and 2009
Unaudited

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 2009 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

Governmental activities- All of the Township's basic services are reported here. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity - The Township has no business type activity.

Reporting the Township's Most Significant Funds

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

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

Mohican Township, Ashland County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2008 and 2009
 Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2009 and 2008 compared to 2007 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2009	2008	2007
Assets			
Cash and Cash Equivalents	\$171,037	\$154,747	\$152,263
Net Assets			
Restricted for:			
Other Purposes	51,503	68,877	66,193
Unrestricted	119,534	85,870	86,070
Total Net Assets	\$171,037	\$154,747	\$152,263

As mentioned previously, net assets of governmental activities increased \$16,290 or 11 percent during 2009. The primary reason contributing to the increase in cash balances are as follows:

- The General Fund receipts increased due to receiving \$23,217 more in estate taxes than the previous year.

As mentioned previously, net assets of the Township's activities increased \$2,484, or 2 percent during 2008.

Mohican Township, Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2008 and 2009
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 compared to 2007 for governmental activities.

(Table 2)
Changes in Net Assets

	2009	2008	2007
Cash Receipts:			
Program Cash Receipts:			
Operating Grants and Contributions	\$ 94,953	\$ 97,637	\$ 100,890
General Cash Receipts:			
Property and Other Local Taxes	184,698	162,419	149,314
Grants and Entitlements Not Restricted to Specific Programs	81,272	77,983	91,125
Interest	1,470	3,638	8,646
Other	10,191	10,363	3,178
Total General Cash Receipts	<u>277,631</u>	<u>254,403</u>	<u>252,263</u>
Total Cash Receipts	<u>372,584</u>	<u>352,040</u>	<u>353,153</u>
Disbursements:			
General Government	54,579	58,916	52,438
Public Works	285,190	284,563	269,686
Health	-	1,060	1,455
Capital Outlay	16,525	-	5,984
Debt Service:			
Principal Retirement	-	4,888	5,809
Interest and Fiscal Charges	-	129	491
Total Disbursements	<u>356,294</u>	<u>349,556</u>	<u>335,863</u>
Increase (Decrease) in Net Assets	16,290	2,484	17,290
Net Assets, January 1	<u>154,747</u>	<u>152,263</u>	<u>134,973</u>
Net Assets, December 31	<u>\$171,037</u>	<u>\$154,747</u>	<u>\$152,263</u>

Mohican Township, Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2008 and 2009
Unaudited

Program receipts represent only 25 percent of total receipts in 2009, 28 percent of total receipts in 2008, and 29 percent of total receipts in 2007. These receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 75 percent in 2009, 72 percent in 2008, and 71 percent in 2007. Of these amounts, 67 percent in 2009, 64 percent in 2008, and 59 percent in 2007 are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (29 percent in 2009, 31 percent in 2008, and 41 percent in 2007). 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 the board and the fiscal officer, as well as internal services such as payroll and purchasing.

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 next column of the Statement entitled Program Cash Receipts identify amounts received by the Township that must be used to provide a specific service. The Net (Disbursement) Receipt column compares the program receipts to the cost of the service. This "net cost" amount represents that 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 of Activities. 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 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$ 54,579	\$ (54,579)	\$ 58,916	\$ (58,916)	\$ 52,438	\$ (52,438)
Public Works	285,190	(190,237)	284,563	(186,926)	269,686	(168,796)
Health	-	-	1,060	(1,060)	1,455	(1,455)
Capital Outlay	16,525	(16,525)	4,888	(4,888)	5,984	(5,984)
Principal	-	-	-	-	5,809	(5,809)
Interest	-	-	129	(129)	491	(491)
Total Cash Disbursements	\$ 356,294	\$ (261,341)	\$ 349,556	\$ (251,919)	\$ 335,863	\$ (234,973)

The dependence upon property tax receipts is apparent as 73 percent of governmental activities were supported through these general receipts in 2009, 72 percent in 2008, and 71 percent in 2007.

Mohican Township, Ashland County
Management's Discussion and Analysis
For the Year Ended December 31, 2008 and 2009
Unaudited

Business Type Activities

The Township has no business type activity.

The Township's Funds

In 2009, total governmental funds had receipts of \$372,584 and disbursements of \$356,294. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$33,664 as a result of an increase in estate taxes. The Road and Bridge fund's fund balance and the Gasoline Tax Fund's fund balance had no significant changes for 2009.

In 2008, total governmental funds had receipts of \$352,040 and disbursements of \$349,556. The General Fund's fund balance, the Road and Bridge Fund's fund balance, and the Gasoline Tax Fund's fund balance had no significant changes for 2008.

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 2009, the Township amended its General Fund budget, and as a result, final budgeted receipts were over the original budgeted receipts by \$496. The difference between final budgeted receipts and actual receipts was due to an estate tax receipt which was not budgeted for. Final disbursements were budgeted at \$78,936 while actual disbursements were \$72,118. The Township kept spending under budgeted amounts.

During 2008, the Township amended its General Fund budget, and as a result, final budgeted receipts were over the original budgeted receipts by \$8,361. The difference between the final budgeted receipts and actual receipts was due to an estate tax receipt which was not budgeted for. Final disbursements were budgeted at \$71,154 while actual disbursements were \$65,689. The Township kept spending under budgeted amounts.

Debt Administration

The Township had no outstanding debt at December 31, 2009 or 2008.

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.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens and taxpayers 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 Jody Bartter, Fiscal Officer, Mohican Township, 2008 St. Rt. 89, Jeromesville, OH 44840.

Mohican Township
Ashland County
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 171,037</u>
<i>Total Assets</i>	<u><u>\$ 171,037</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 51,503
Unrestricted	<u>119,534</u>
<i>Total Net Assets</i>	<u><u>\$ 171,037</u></u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
Statement of Net Assets - Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 154,747</u>
<i>Total Assets</i>	<u><u>\$ 154,747</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 68,877
Unrestricted	<u>85,870</u>
<i>Total Net Assets</i>	<u><u>\$ 154,747</u></u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$ 54,579	-	\$ (54,579)
Public Works	285,190	\$ 94,953	(190,237)
Capital Outlay	16,525	-	(16,525)
<i>Total Governmental Activities</i>	<u>\$ 356,294</u>	<u>\$ 94,953</u>	<u>(261,341)</u>
General Receipts			
Property Taxes Levied for:			
General Purposes			22,399
Special Purposes			158,565
Other Taxes			3,734
Grants and Entitlements not Restricted to Specific Programs			84,231
Interest			1,470
Miscellaneous			<u>7,232</u>
Total General Receipts			<u>277,631</u>
Change in Net Assets			16,290
<i>Net Assets Beginning of Year</i>			<u>154,747</u>
<i>Net Assets End of Year</i>			<u>\$ 171,037</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$ 58,916	-	\$ (58,916)
Public Works	284,563	\$ 97,637	(186,926)
Health	1,060	-	(1,060)
Debt Service			
Principal Retirement	4,888	-	(4,888)
Interest and Fiscal Charges	129	-	(129)
<i>Total Governmental Activities</i>	<u>\$ 349,556</u>	<u>\$ 97,637</u>	<u>(251,919)</u>
General Receipts			
Property Taxes Levied for:			
General Purposes			17,347
Special Purposes			145,072
Grants and Entitlements not Restricted to Specific Programs			77,983
Interest			3,638
Miscellaneous			10,363
Total General Receipts			<u>254,403</u>
Change in Net Assets			2,484
<i>Net Assets Beginning of Year</i>			<u>152,263</u>
<i>Net Assets End of Year</i>			<u>\$ 154,747</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Gasoline Tax Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 119,534	\$ 20,339	\$ 29,919	\$ 1,245	\$ 171,037
<i>Total Assets</i>	<u>\$ 119,534</u>	<u>\$ 20,339</u>	<u>\$ 29,919</u>	<u>\$ 1,245</u>	<u>\$ 171,037</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 1,014	\$ 841	-	-	\$ 1,855
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	118,520	-	-	-	118,520
Special Revenue Funds	-	19,498	\$ 29,919	\$ 1,245	50,662
<i>Total Fund Balances</i>	<u>\$ 119,534</u>	<u>\$ 20,339</u>	<u>\$ 29,919</u>	<u>\$ 1,245</u>	<u>\$ 171,037</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Gasoline Tax Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 85,870	\$ 25,768	\$ 39,779	\$ 3,330	\$ 154,747
<i>Total Assets</i>	<u>\$ 85,870</u>	<u>\$ 25,768</u>	<u>\$ 39,779</u>	<u>\$ 3,330</u>	<u>\$ 154,747</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 825	\$ 1,696	-	-	\$ 2,521
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	85,045	-	-	-	\$ 85,045
Special Revenue Funds	-	24,072	\$ 39,779	\$ 3,330	67,181
<i>Total Fund Balances</i>	<u>\$ 85,870</u>	<u>\$ 25,768</u>	<u>\$ 39,779</u>	<u>\$ 3,330</u>	<u>\$ 154,747</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Gasoline Tax Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 22,399	\$ 3,734	\$ 158,565	-	\$ 184,698
Intergovernmental	81,179	86,830	93	\$ 11,082	179,184
Interest	1,155	281	-	34	1,470
Miscellaneous	35	-	7,197	-	7,232
<i>Total Receipts</i>	<u>104,768</u>	<u>90,845</u>	<u>165,855</u>	<u>11,116</u>	<u>372,584</u>
Disbursements					
Current:					
General Government	54,579	-	-	-	54,579
Public Works	-	99,234	175,715	10,241	285,190
Capital Outlay	16,525	-	-	-	16,525
<i>Total Disbursements</i>	<u>71,104</u>	<u>99,234</u>	<u>175,715</u>	<u>10,241</u>	<u>356,294</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	33,664	(8,389)	(9,860)	875	16,290
Transfers In	-	2,960	-	-	2,960
Transfers Out	-	-	-	(2,960)	(2,960)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>2,960</u>	<u>-</u>	<u>(2,960)</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	33,664	(5,429)	(9,860)	(2,085)	16,290
<i>Fund Balances Beginning of Year</i>	<u>85,870</u>	<u>25,768</u>	<u>39,779</u>	<u>3,330</u>	<u>154,747</u>
<i>Fund Balances End of Year</i>	<u>\$ 119,534</u>	<u>\$ 20,339</u>	<u>\$ 29,919</u>	<u>\$ 1,245</u>	<u>\$ 171,037</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Gasoline Tax Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 17,347	-	\$ 145,072	-	\$ 162,419
Intergovernmental	68,018	\$ 89,806	9,965	\$ 7,831	175,620
Interest	2,632	954	-	52	3,638
Miscellaneous	1,047	-	9,316	-	10,363
<i>Total Receipts</i>	<u>89,044</u>	<u>90,760</u>	<u>164,353</u>	<u>7,883</u>	<u>352,040</u>
Disbursements					
Current:					
General Government	58,916	-	-	-	58,916
Public Works	-	102,023	175,423	7,117	284,563
Health	1,060	-	-	-	1,060
Debt Service:					
Principal Retirement	4,888	-	-	-	4,888
Interest and Fiscal Charges	-	-	129	-	129
<i>Total Disbursements</i>	<u>64,864</u>	<u>102,023</u>	<u>175,552</u>	<u>7,117</u>	<u>349,556</u>
<i>Net Change in Fund Balances</i>	24,180	(11,263)	(11,199)	766	2,484
<i>Fund Balances Beginning of Year</i>	<u>61,690</u>	<u>37,031</u>	<u>50,978</u>	<u>2,564</u>	<u>152,263</u>
<i>Fund Balances End of Year</i>	<u>\$ 85,870</u>	<u>\$ 25,768</u>	<u>\$ 39,779</u>	<u>\$ 3,330</u>	<u>\$ 154,747</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 17,763	\$ 16,962	\$ 22,399	\$ 5,437
Intergovernmental	31,100	31,797	81,179	49,382
Interest	2,000	2,600	1,155	(1,445)
Other	-	-	35	35
<i>Total receipts</i>	<u>50,863</u>	<u>51,359</u>	<u>104,768</u>	<u>53,409</u>
Disbursements				
Current:				
General Government	68,425	62,411	55,593	6,818
Capital Outlay	-	16,525	16,525	-
<i>Total Disbursements</i>	<u>68,425</u>	<u>78,936</u>	<u>72,118</u>	<u>6,818</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(17,562)	(27,577)	32,650	60,227
<i>Fund Balance Beginning of Year</i>	85,045	85,045	85,045	-
Prior Year Encumbrances Appropriated	<u>825</u>	<u>825</u>	<u>825</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 68,308</u>	<u>\$ 58,293</u>	<u>\$ 118,520</u>	<u>\$ 60,227</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 16,962	\$ 16,917	\$ 17,347	\$ 430
Intergovernmental	34,294	42,400	68,018	25,618
Interest	2,600	2,000	2,632	632
Other	-	900	1,047	147
<i>Total receipts</i>	<u>53,856</u>	<u>62,217</u>	<u>89,044</u>	<u>26,827</u>
Disbursements				
Current:				
General Government	60,380	64,766	59,741	5,025
Health	1,500	1,500	1,060	440
Debt Service:				
Principal Retirement	-	4,888	4,888	-
<i>Total Disbursements</i>	<u>61,880</u>	<u>71,154</u>	<u>65,689</u>	<u>5,465</u>
<i>Net Change in Fund Balance</i>	(8,024)	(8,937)	23,355	32,292
<i>Fund Balance Beginning of Year</i>	61,396	61,396	61,396	-
Prior Year Encumbrances Appropriated	294	294	294	-
<i>Fund Balance End of Year</i>	<u>\$ 53,666</u>	<u>\$ 52,753</u>	<u>\$ 85,045</u>	<u>\$ 32,292</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 3,700	\$ 3,700	\$ 3,734	\$ 34
Intergovernmental	84,000	90,000	86,830	(3,170)
Interest	500	1,200	281	(919)
<i>Total receipts</i>	<u>88,200</u>	<u>94,900</u>	<u>90,845</u>	<u>(4,055)</u>
Disbursements				
Current:				
Public Works	94,996	116,322	100,075	16,247
<i>Total Disbursements</i>	<u>94,996</u>	<u>116,322</u>	<u>100,075</u>	<u>16,247</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(6,796)	(21,422)	(9,230)	12,192
Transfers In	-	-	2,960	2,960
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>2,960</u>	<u>2,960</u>
<i>Net Change in Fund Balance</i>	(6,796)	(21,422)	(6,270)	15,152
<i>Fund Balance Beginning of Year</i>	24,072	24,072	24,072	-
Prior Year Encumbrances Appropriated	1,696	1,696	1,696	-
<i>Fund Balance End of Year</i>	<u>\$ 18,972</u>	<u>\$ 4,346</u>	<u>\$ 19,498</u>	<u>\$ 15,152</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Fines and Forfeitures				-
Intergovernmental	\$ 90,000	\$ 90,000	\$ 89,806	(194)
Interest	1,200	2,500	954	(1,546)
Other	3,700	-	-	-
<i>Total receipts</i>	<u>94,900</u>	<u>92,500</u>	<u>90,760</u>	<u>(1,740)</u>
Disbursements				
Current:				
Public Works	<u>115,125</u>	<u>122,571</u>	<u>103,719</u>	<u>18,852</u>
<i>Total Disbursements</i>	<u>115,125</u>	<u>122,571</u>	<u>103,719</u>	<u>18,852</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(20,225)	(30,071)	(12,959)	17,112
<i>Fund Balance Beginning of Year</i>	36,532	36,532	36,532	-
Prior Year Encumbrances Appropriated	<u>499</u>	<u>499</u>	<u>499</u>	-
<i>Fund Balance End of Year</i>	<u>\$ 16,806</u>	<u>\$ 6,960</u>	<u>\$ 24,072</u>	<u>\$ 17,112</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland 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, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 145,310	\$ 136,573	\$ 158,565	\$ 21,992
Intergovernmental	10,000	10,500	93	(10,407)
Other	-	-	7,197	7,197
<i>Total receipts</i>	<u>155,310</u>	<u>147,073</u>	<u>165,855</u>	<u>18,782</u>
Disbursements				
Current:				
Public Works	<u>166,800</u>	<u>185,300</u>	<u>175,715</u>	<u>9,585</u>
<i>Total Disbursements</i>	<u>166,800</u>	<u>185,300</u>	<u>175,715</u>	<u>9,585</u>
<i>Net Change in Fund Balance</i>	(11,490)	(38,227)	(9,860)	28,367
<i>Fund Balance Beginning of Year</i>	<u>39,779</u>	<u>39,779</u>	<u>39,779</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 28,289</u>	<u>\$ 1,552</u>	<u>\$ 29,919</u>	<u>\$ 28,367</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland 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, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 136,573	\$ 146,266	\$ 145,072	\$ (1,194)
Intergovernmental	10,500	10,530	9,965	(565)
Other	-	200	9,316	9,116
<i>Total receipts</i>	<u>147,073</u>	<u>156,996</u>	<u>164,353</u>	<u>7,357</u>
Disbursements				
Current:				
Public Works	175,300	185,400	175,423	9,977
Debt Service:				
Interest and Fiscal Charges	-	300	129	171
<i>Total Disbursements</i>	<u>175,300</u>	<u>185,700</u>	<u>175,552</u>	<u>10,148</u>
<i>Net Change in Fund Balance</i>	(28,227)	(28,704)	(11,199)	17,505
<i>Fund Balance Beginning of Year</i>	<u>50,978</u>	<u>50,978</u>	<u>50,978</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 22,751</u>	<u>\$ 22,274</u>	<u>\$ 39,779</u>	<u>\$ 17,505</u>

See accompanying notes to the basic financial statements

Mohican Township
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 1 – Reporting Entity

The Mohican Township, Ashland 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, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Jeromesville Fire Department for fire protection. Police protection is provided by the Ashland County Sheriff's Department.

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.

The Township has no component units.

C. Public Entity Risk Pools

The Township participates in a public entity risk pool. Notes 6 and 11 to the financial statements provide additional information for this entity. The organization is:

Public Entity Risk Pool:

During 2009 and 2008, the Township was a member of the Ohio Government Risk Management Plan (OGRMP).

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 2C, 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. Following are the more significant of the Township's accounting policies.

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. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township does not report any business-type activities.

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

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township 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 and enterprise 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. All of the Township's funds 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 Fund, Gasoline Tax Fund, and Road and Bridge Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund is used to account for gasoline tax money which the Township can only use to pay for constructing, maintain and repairing Township roads. The Road and Bridge Fund is used to account for tax money which the Township can only use for constructing, maintaining, and repairing Township roads and bridges.

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

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) 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 resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the 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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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

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 no investments during the audit period.

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 2009 and 2008 was \$1,155 and \$2,632, respectively.

Note 2 – Summary of Significant Accounting Policies (continued)

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 did not have any 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.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. 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.

L. 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 work. 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. The Township has no net assets restricted by enabling legislation.

M. Fund Balance Reserves

The Township reserves any portion of 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 which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 2 – Summary of Significant Accounting Policies (continued)

N. Interfund Transactions

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, and Road and Bridge Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at December 31, 2009 and 2008 (budgetary basis) amounted to \$1,014 and \$825, respectively for the General Fund, \$841 and \$1,696, respectively, for the Gasoline Tax Fund and \$0 for both years for the Road and Bridge Fund.

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;

Mohican Township
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

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

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 December 31, 2009 and 2008, the Township's bank balance of \$171,037 and \$154,747, respectively was insured by the Federal Deposit Insurance Corporation. 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.

Investments

The Township has no investments as of December 31, 2009 and 2008.

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 2009 and 2008 represent the collection of 2008 and 2007 taxes, respectively. Real property taxes received in 2009 and 2008 were levied after October 1, 2008 and 2007, on the assessed values as of January 1, 2008 and 2007, 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 due by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Mohican Township
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Public utility property tax receipts received in 2009 and 2008 represent the collection of 2008 and 2007 taxes. Public utility real and tangible personal property taxes received in 2009 and 2008 became a lien on December 31, 2008 and 2007, were levied after October 1, 2008 and 2007, 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.

2008 and 2009 tangible property taxes are levied after October 1, 2008 and 2007, on the value as of December 31, 2008 and 2007. Collections are made in 2008 and 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rates for all Township operations for the years ended December 31, 2009 and 2008, were \$1.9 and \$1.9, respectively, per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 and 2008 property tax receipts were based are as follows:

	<u>2009</u>	<u>2008</u>
Real Property		
Residential	\$ 21,178,650	\$ 20,706,440
Agricultural	7,021,280	6,795,720
Commercial/Industrial/Mineral	1,672,580	1,655,740
Tangible Personal Property		
Business	91,880	210,760
Public Utilities	1,350,220	1,274,370
Total Assessed Value	<u>\$ 31,314,610</u>	<u>\$ 30,643,030</u>

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the Township contracted with Ohio Government Risk Management Plan for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Ohio Government Risk Management Plan	Blanket Building and Personal Property	\$ 266,145
	Boiler and Machinery	266,145
	Special Property Coverage	38,525
	Electronic Equipment/ Media Coverage	5,000
	General Liability	2,000,000
	Employer's Liability	2,000,000
	Employee Benefits Liability	1,000,000
	Public Officials	2,000,000
	Crime Coverage	1,000

Mohican Township
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

During 2008, the Township contracted with Ohio Government Risk Management Plan for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Ohio Government Risk Management Plan	Blanket Building and Personal Property	\$ 274,129
	Boiler and Machinery	274,129
	Special Property Coverage	45,000
	Electronic Equipment/ Media Coverage	5,000
	General Liability	2,000,000
	Employer's Liability	2,000,000
	Employee Benefits Liability	2,000,000
	Public Officials	2,000,000
	Crime Coverage	1,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description - 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) 222-5601 or (800) 222-7377.

For the years ended December 31, 2009 and 2008, the members of all three plans were required to contribute 10% of their annual covered salaries. The Township's contribute rate of pension benefits for 2009 and 2008 was 14%.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008 and 2007 were \$11,636, \$11,769, and \$6,562 respectively. The full amount has been contributed for 2009, 2008 and 2007.

Mohican Township
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

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 2008 local government employer contribution rate was 14 percent of covered payroll; 7 percent of covered payroll was the portion that was used to fund health care. The 2009 local government employer contribution rate was 14 percent of covered payroll; 7 percent of covered payroll from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009 was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.5 percent to 5 percent for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

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 357,584 in 2009 and 363,503 in 2008. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$39.6 billion and \$18.9 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Note 9 – Debt

The Township's long-term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Governmental Activities</u>						
Promissory Note						
2005 Issue	%5.25	\$ 4,888	\$ 0	\$ 4,888	\$ 0	\$ 0
Amount \$18,900)						

Mohican Township
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 10 – Interfund Transfers

The Township transferred \$2,960 from the FEMA Fund to the Gasoline Tax Fund in 2009 to reimburse Gasoline Tax Fund for the storm debris removal. The transfer was authorized according to FEMA grant agreement.

Note 11 – Public Entity Risk Pool

During 2009 and 2008, the Township belong to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

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

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

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,000	\$11,136,000
Liabilities	<u>5,287,000</u>	<u>4,273,000</u>
Members' Equity	<u>\$ 5,184,000</u>	<u>\$ 6,863,000</u>

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

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

Mohican Township
Ashland County
1761 Township Road 85
Jeromesville, OH 44840

To the Board of Trustees:

We have audited the financial statements of Mohican Township, Ashland County, Ohio (Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 4, 2010, wherein we noted the Township followed the cash basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 4, 2010.

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

Charles E. Harris & Associates, Inc.

May 4, 2010

MOHICAN TOWNSHIP
 ASHLAND COUNTY, OHIO
 For the Years Ended December 31, 2009 and 2008

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2007-01	Revenue Transactions were recorded incorrectly- Some of the revenues were posted into wrong funds.	Yes	Finding No Longer Valid



Mary Taylor, CPA
Auditor of State

MOHICAN TOWNSHIP

ASHLAND 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
AUGUST 3, 2010**