

**YORK TOWNSHIP**  
**UNION COUNTY**  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 2006





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
York Township  
29000 Hoover Moffitt Road  
West Mansfield, Ohio 43358

We have reviewed the *Independent Auditors' Report* of York Township, Union County, prepared by Holbrook & Manter, for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 6, 2008

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
York Township  
Union County

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

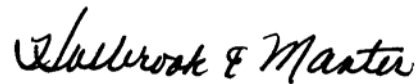
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of York Township, Union County, as of December 31, 2006, and the respective changes in cash basis financial position and the respective budgetary comparison for the General, Motor Vehicle, Gasoline Tax, Road and Bridge, Cemetery, Fire District, and Permissive Motor Vehicle funds thereof for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. 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.

Handwritten signature in cursive script that reads "Shullbrook & Master".

Certified Public Accountants

September 23, 2008

**YORK TOWNSHIP  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

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

**Highlights**

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$84,223. The fund most affected by the increase in cash and cash equivalents was the Fire District Fund, which realized a great increase of disbursements in 2006.

The Government's general receipts are primarily property taxes. These receipts include taxes levied outside the 10 mill minimum. These levies in part fund the General Fund, Cemetery Fund, and Fire Fund.

The Government has continued efforts to make funds available for major purchases of equipment in future years 2007 or later. These items may include a snow plow truck, and machinery storage building.

**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 Government'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 Government as a whole.

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

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

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Government 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 Government's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.



**YORK TOWNSHIP  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

**Basis of Accounting** (continued)

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 Government did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Government's general receipts.

These statements report the Government'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 Government's financial health. Over time, increases or decreases in the Government's cash position is one indicator of whether the Government's financial health is improving or deteriorating. When evaluating the Government's financial condition, you should also consider other nonfinancial factors as well such as the Government's property tax base, the condition of the Government's capital assets and infrastructure, the extent of the Government'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 Government into one type of activity:

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

**Reporting the Township's Most Significant Funds**

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

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

**YORK TOWNSHIP  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

**The Township as a Whole**

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

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$ 210,844	\$ 126,621
Investments	419,000	419,000
Total Assets	\$ 629,844	\$ 545,621
<b>Net Assets</b>		
Capital Projects	\$ 150,000	\$ 150,000
Other purposes	150,557	89,018
Unrestricted	329,287	306,603
Total Net Assets	\$ 629,844	\$ 545,621

As mentioned previously, net assets of governmental activities increased \$84,223 during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Increases in taxes levied and collected with regards to paying for fire contracts. The Government's contracted services with Liberty Township continues to rise at an alarming rate.

**YORK TOWNSHIP  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

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

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2006	Governmental Activities 2005
<b>Receipts:</b>	<u>2006</u>	<u>2005</u>
<b>Program Receipts:</b>		
Charges for Services and Sales	\$ 18,169	\$ 21,089
Operating Grants and Contributions	92,484	80,786
<b>Total Program Receipts</b>	<u>110,653</u>	<u>101,875</u>
<b>General Receipts:</b>		
Property and Other Local Taxes	165,651	105,739
Grants and Entitlements Not Restricted to Specific Programs	49,553	25,788
Interest	21,015	12,637
Miscellaneous	867	440
<b>Total General Receipts</b>	<u>237,086</u>	<u>144,604</u>
<b>Total Receipts</b>	347,739	246,479
<b>Disbursements:</b>		
General Government	58,567	40,141
Public Safety	98,223	63,890
Public Health Services	67,986	22,114
Public Works	30,214	126,483
Capital Outlay	8,526	6,000
<b>Total Disbursements</b>	<u>263,516</u>	<u>258,628</u>
Excess (Deficiency) Before Transfers	84,223	( 12,149)
<b>Net Assets, Beginning of the year</b>	<u>545,621</u>	<u>557,770</u>
<b>Net Assets, End of the year</b>	<u>\$ 629,844</u>	<u>\$ 545,621</u>

**YORK TOWNSHIP  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

Disbursements for General Government represent the overhead costs of running the Government and the support services provided for the other Government activities. These include the costs of the board, and the fiscal officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 18 percent of General Fund unrestricted receipts.

Security of Persons and Property are the costs of fire protection; Public Health Services is the health department; and Public Works is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities on page 12, you will see that the first columns list the major services provided by the Government. The next columns identify the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property, which account for 25.8 and 37.3 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 22.2 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 Government 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 <u>2006</u>	Net Cost Of Services <u>2006</u>	Total Cost Of Services <u>2005</u>	Net Cost of Services <u>2005</u>
General Government	\$ 58,567	\$ (54,347)	\$ 40,141	\$ (40,078)
Public Safety	98,223	(93,624)	63,890	(60,484)
Public Works	67,986	24,498	126,483	(36,902)
Health	30,214	(20,864)	22,114	(17,489)
Capital Outlay	<u>8,526</u>	<u>(8,526)</u>	<u>6,000</u>	<u>(6,000)</u>
Total Expenses	<u>\$ 263,516</u>	<u>\$ (152,863)</u>	<u>\$ 258,628</u>	<u>\$ (160,953)</u>

The dependence upon property and gasoline tax receipts is apparent as over 42 percent of governmental activities are supported through these general receipts.

**YORK TOWNSHIP  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(UNAUDITED)**

**The Township's Funds**

Total governmental funds had receipts of \$347,739 and disbursements of \$263,516. One of the greatest changes within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$22,684 due in part to the schedule of the Union County Engineer with regards to chip and seal road resurfacing. Although these monies for road improvements are planned to be used, they will not be utilized until 2007.

Gas Tax Fund receipts were more than disbursements by \$31,533 indicating that the Gas Tax Fund disbursements have substantially decreased at least for the short term. It was the recommendation of the administration that careful spending and planning was warranted for the utilization of these funds. Plans for road surfacing are planned for 2007.

**Budgeting Highlights**

The Government'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.

Final Disbursements for all funds were budgeted at \$618,038 while actual disbursements were \$263,515. Receipts exceeded expectations and appropriations were not reduced even though the budget was an anticipated reduction in net assets. The Government anticipates major increases in expenditures in 2008 and 2009 in order to purchase needed equipment, facilities, and to make roadway improvements.

**Current Issues**

The challenge for all Governments 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. Our newly prepared financial forecast predicts a possible deficit for 2007; therefore, the administration implemented a strategy to delay the deficit. This plan becomes effective for 2007. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Government. The large spending will be the anticipated public safety equipment and machinery, which the moneys are already earmarked and available for that purpose. We also expect to spend more on repair of roads as the cost to repave a road have gone up substantially with the end result being that we can only pave smaller portions of roads in the future.

**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 Government's finances and to reflect the Government'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 Tim Goodwin, Fiscal officer; York Township, 29000 Hover Moffitt Road, West Mansfield, Ohio 43358.

**YORK TOWNSHIP**  
**UNION COUNTY**  
STATEMENT OF NET ASSETS - CASH BASIS  
AS OF DECEMBER 31, 2006

	<u>Governmental Activities</u>
<b>ASSETS:-</b>	
Cash	\$ 210,844
Investments	<u>419,000</u>
<b>Total assets</b>	<u>\$ 629,844</u>
<b>NET ASSETS:-</b>	
Restricted for:-	
Capital projects	\$ 150,000
Other purposes	150,557
Unrestricted	<u>329,287</u>
<b>Total net assets</b>	<u>\$ 629,844</u>

See accompanying notes to the basic financial statements

**YORK TOWNSHIP**  
**UNION COUNTY**  
STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006

		<b>Program Cash Receipts</b>		<b>Net (Disbursements) Receipts and Changes in Net Assets</b>	
	<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Total</b>
<b>GOVERNMENTAL ACTIVITIES:-</b>					
General government	\$ 58,567	\$ 4,220	\$ 0	\$ ( 54,347)	\$ ( 54,347)
Public safety	98,223	4,599	0	( 93,624)	( 93,624)
Public works	67,986	0	92,484	24,498	24,498
Health	30,214	9,350	0	( 20,864)	( 20,864)
Capital outlay	8,526	0	0	( 8,526)	( 8,526)
<b>Total governmental activities</b>	<b>\$ 263,516</b>	<b>\$ 18,169</b>	<b>\$ 92,484</b>	<b>\$ ( 152,863)</b>	<b>\$ ( 152,863)</b>
 <b>GENERAL RECEIPTS:-</b>					
Property taxes					\$ 165,651
Grants and entitlements not restricted to specific programs					49,553
Earnings on investments					21,015
Miscellaneous					867
Total general receipts					237,086
Change in net assets					84,223
Net assets beginning of year					545,621
<b>Net assets at end of year</b>					<b>\$ 629,844</b>

See accompanying notes to the basic financial statements

**YORK TOWNSHIP**  
**UNION COUNTY**  
STATEMENT OF ASSETS AND FUND BALANCES CASH BASIS  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2006

**ASSETS**

	<u>General</u>	<u>Motor Vehicle License Tax</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Fire District</u>	<u>Permissive Motor Vehicle License Tax</u>	<u>Miscellaneous Capital Projects</u>	<u>Total Governmental Funds</u>
Cash	\$ 68,287	\$ 10,986	\$ 67,742	\$ 4,444	\$ 10,898	\$ 22,243	\$ 26,244	\$ 0	\$ 210,844
Investments	<u>261,000</u>	<u>0</u>	<u>0</u>	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>150,000</u>	<u>419,000</u>
<b>Total assets</b>	<u>\$ 329,287</u>	<u>\$ 10,986</u>	<u>\$ 67,742</u>	<u>\$ 7,444</u>	<u>\$ 10,898</u>	<u>\$ 22,243</u>	<u>\$ 31,244</u>	<u>\$ 150,000</u>	<u>\$ 629,844</u>

**FUND BALANCES**

**UNRESERVED:-**

Undesignated, reported in:-									
General fund	\$ 329,287	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 329,287
Special revenue funds	0	10,986	67,742	7,444	10,898	22,243	31,244	0	150,557
Capital project funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>150,000</u>
<b>Total fund balances</b>	<u>\$ 329,287</u>	<u>\$ 10,986</u>	<u>\$ 67,742</u>	<u>\$ 7,444</u>	<u>\$ 10,898</u>	<u>\$ 22,243</u>	<u>\$ 31,244</u>	<u>\$ 150,000</u>	<u>\$ 629,844</u>

See accompanying notes to the basic financial statements



**YORK TOWNSHIP**  
**UNION COUNTY**  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES  
- CASH BASIS GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>General</u>	<u>Motor Vehicle License Tax</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Fire District</u>	<u>Permissive Motor Vehicle License Tax</u>	<u>Miscellaneous Capital Projects</u>	<u>Total Governmental Funds</u>
<b>RECEIPTS:-</b>									
Property and other local taxes	\$ 45,943	\$ 0	\$ 0	\$ 2,313	\$ 8,993	\$ 99,502	\$ 8,900	\$ 0	\$ 165,651
Licenses, permits, and fees	4,599	0	0	0	7,150	0	0	0	11,749
Fines and forfeitures	20	0	0	0	0	0	0	0	20
Intergovernmental	33,769	6,916	85,568	317	1,270	14,197	0	0	142,037
Earnings on investments	20,281	57	344	0	0	0	333	0	21,015
Miscellaneous	5,067	0	0	0	2,200	0	0	0	7,267
Total receipts	109,679	6,973	85,912	2,630	19,613	113,699	9,233	0	347,739
<b>DISBURSEMENTS:-</b>									
Current:-									
General government	58,567	0	0	0	0	0	0	0	58,567
Public safety	0	0	0	0	0	98,223	0	0	98,223
Public works	10,221	2,933	54,379	46	0	0	407	0	67,986
Health	13,192	0	0	0	17,022	0	0	0	30,214
Capital outlay	5,015	0	0	0	1,919	0	1,592	0	8,526
Total disbursements	86,995	2,933	54,379	46	18,941	98,223	1,999	0	263,516
Net change in fund balances	22,684	4,040	31,533	2,584	672	15,476	7,234	0	84,223
Fund balances beginning of year	306,603	6,946	36,209	4,860	10,226	6,767	24,010	150,000	545,621
<b>Fund balances end of year</b>	<u>\$ 329,287</u>	<u>\$ 10,986</u>	<u>\$ 67,742</u>	<u>\$ 7,444</u>	<u>\$ 10,898</u>	<u>\$ 22,243</u>	<u>\$ 31,244</u>	<u>\$ 150,000</u>	<u>\$ 629,844</u>

See accompanying notes to the basic financial statements

**YORK TOWNSHIP**  
**UNION COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>			<b>(Optional)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS:-</b>				
Property and other local taxes	\$ 41,000	\$ 41,000	\$ 45,943	\$ 4,943
Licenses, permits, and fees	1,151	1,151	4,599	3,448
Fines and forfeitures	1	1	20	19
Intergovernmental	23,500	23,500	33,769	10,269
Earning on investments	4,200	4,200	20,281	16,081
Miscellaneous	4,201	4,201	5,067	866
Total receipts	74,053	74,053	109,679	35,626
<b>DISBURSEMENTS:-</b>				
Current;-				
General government	88,758	88,758	58,567	30,191
Public safety	21,000	21,000	0	21,000
Public works	214,600	214,600	10,221	204,379
Health	21,380	21,380	13,192	8,188
Capital outlay	12,000	12,000	5,015	6,985
Total disbursements	357,738	357,738	86,995	270,743
Net change in fund balance	( 283,685)	( 283,685)	22,684	306,369
Fund balance beginning of year	306,603	306,603	306,603	0
<b>Fund balance end of year</b>	<u>\$ 22,918</u>	<u>\$ 22,918</u>	<u>\$ 329,287</u>	<u>\$ 306,369</u>

See accompanying notes to the basic financial statements

**YORK TOWNSHIP**  
**UNION COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
MOTOR VEHICLE LICENSE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b>
	<u>Original</u>	<u>Final</u>		<b>Variance with</b>
				<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>RECEIPTS:-</b>				
Intergovernmental	\$ 4,850	\$ 4,850	\$ 6,916	\$ 2,066
Earning on investments	<u>50</u>	<u>50</u>	<u>57</u>	<u>7</u>
Total receipts	4,900	4,900	6,973	2,073
<b>DISBURSEMENTS:-</b>				
Current:-				
Public works	<u>10,500</u>	<u>10,500</u>	<u>2,933</u>	<u>7,567</u>
Total disbursements	<u>10,500</u>	<u>10,500</u>	<u>2,933</u>	<u>7,567</u>
Net change in fund balance	( 5,600)	( 5,600)	4,040	9,640
Fund balance beginning of year	<u>6,946</u>	<u>6,946</u>	<u>6,946</u>	<u>0</u>
<b>Fund balance end of year</b>	<u>\$ 1,346</u>	<u>\$ 1,346</u>	<u>\$ 10,986</u>	<u>\$ 9,640</u>

See accompanying notes to the basic financial statements

**YORK TOWNSHIP**  
**UNION COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b>
	<u>Original</u>	<u>Final</u>		<b>Variance with</b>
				<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>RECEIPTS:-</b>				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 85,568	\$ 20,568
Earning on investments	10	10	344	334
Miscellaneous	<u>1</u>	<u>1</u>	<u>0</u>	( <u>1</u> )
Total receipts	65,011	65,011	85,912	20,901
<b>DISBURSEMENTS:-</b>				
Current:-				
Public works	88,700	88,700	54,379	34,321
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total disbursements	<u>98,700</u>	<u>98,700</u>	<u>54,379</u>	<u>44,321</u>
Net change in fund balance	( 33,689)	( 33,689)	31,533	65,222
Fund balance beginning of year	<u>36,209</u>	<u>36,209</u>	<u>36,209</u>	<u>0</u>
<b>Fund balance end of year</b>	<u>\$ 2,520</u>	<u>\$ 2,520</u>	<u>\$ 67,742</u>	<u>\$ 65,222</u>

See accompanying notes to the basic financial statements

**YORK TOWNSHIP**  
**UNION 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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b>
	<u>Original</u>	<u>Final</u>		<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS:-</b>				
Property and other local taxes	\$ 1,875	\$ 1,875	\$ 2,313	\$ 438
Intergovernmental	<u>200</u>	<u>200</u>	<u>317</u>	<u>117</u>
Total receipts	2,075	2,075	2,630	555
<b>DISBURSEMENTS:-</b>				
Current:-				
Public works	5,700	5,700	46	5,654
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total disbursements	<u>6,700</u>	<u>6,700</u>	<u>46</u>	<u>6,654</u>
Net change in fund balance	( 4,625)	( 4,625)	2,584	7,209
Fund balance beginning of year	<u>4,860</u>	<u>4,860</u>	<u>4,860</u>	<u>0</u>
<b>Fund balance end of year</b>	<u><u>\$ 235</u></u>	<u><u>\$ 235</u></u>	<u><u>\$ 7,444</u></u>	<u><u>\$ 7,209</u></u>

See accompanying notes to the basic financial statements

**YORK TOWNSHIP**  
**UNION COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
CEMETERY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b> <b>Variance with</b> <b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>RECEIPTS:-</b>				
Property and other local taxes	\$ 7,400	\$ 7,400	\$ 8,993	\$ 1,593
Licenses, permits, and fees	2,000	2,000	7,150	5,150
Intergovernmental	1,000	1,000	1,270	270
Miscellaneous	<u>1,001</u>	<u>1,001</u>	<u>2,200</u>	<u>1,199</u>
Total receipts	11,401	11,401	19,613	8,212
<b>DISBURSEMENTS:-</b>				
Current:-				
Health	18,400	18,400	17,022	1,378
Capital outlay	<u>2,000</u>	<u>2,000</u>	<u>1,919</u>	<u>81</u>
Total disbursements	<u>20,400</u>	<u>20,400</u>	<u>18,941</u>	<u>1,459</u>
Net change in fund balance	( 8,999)	( 8,999)	672	9,671
Fund balance beginning of year	<u>10,226</u>	<u>10,226</u>	<u>10,226</u>	<u>0</u>
Fund balance end of year	<u><u>\$ 1,227</u></u>	<u><u>\$ 1,227</u></u>	<u><u>\$ 10,898</u></u>	<u><u>\$ 9,671</u></u>

See accompanying notes to the basic financial statements

**YORK TOWNSHIP  
UNION COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b>
	<u>Original</u>	<u>Final</u>		<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS:-</b>				
Property and other local taxes	\$ 90,899	\$ 90,899	\$ 99,502	\$ 8,603
Intergovernmental	4,100	4,100	14,197	10,097
Miscellaneous	<u>1</u>	<u>1</u>	<u>0</u>	( 1)
Total receipts	95,000	95,000	113,699	18,699
<b>DISBURSEMENTS:-</b>				
Current:-				
Public safety	<u>100,000</u>	<u>100,000</u>	<u>98,223</u>	<u>1,777</u>
Total disbursements	<u>100,000</u>	<u>100,000</u>	<u>98,223</u>	<u>1,777</u>
Net change in fund balance	( 5,000)	( 5,000)	15,476	20,476
Fund balance beginning of year	<u>6,767</u>	<u>6,767</u>	<u>6,767</u>	<u>0</u>
<b>Fund balance end of year</b>	<u><u>\$ 1,767</u></u>	<u><u>\$ 1,767</u></u>	<u><u>\$ 22,243</u></u>	<u><u>\$ 20,476</u></u>

See accompanying notes to the basic financial statements

**YORK TOWNSHIP**  
**UNION COUNTY**  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
PERMISSIVE MOTOR VEHICLE LICENSE TAX  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b>
	<u>Original</u>	<u>Final</u>		<b>Variance with Final Budget Positive (Negative)</b>
<b>RECEIPTS:-</b>				
Property and other local taxes	\$ 7,000	\$ 7,000	\$ 8,900	\$ 1,900
Earning on investments	<u>100</u>	<u>100</u>	<u>333</u>	<u>233</u>
Total receipts	7,100	7,100	9,233	2,133
<b>DISBURSEMENTS:-</b>				
Current:-				
Public works	14,000	14,000	407	13,593
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>1,592</u>	<u>8,408</u>
Total disbursements	<u>24,000</u>	<u>24,000</u>	<u>1,999</u>	<u>22,001</u>
Net change in fund balance	( 16,900)	( 16,900)	7,234	24,134
Fund balance beginning of year	<u>24,010</u>	<u>24,010</u>	<u>24,010</u>	<u>0</u>
<b>Fund balance end of year</b>	<u><u>\$ 7,110</u></u>	<u><u>\$ 7,110</u></u>	<u><u>\$ 31,244</u></u>	<u><u>\$ 24,134</u></u>

See accompanying notes to the basic financial statements



**YORK TOWNSHIP**  
**UNION COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006

**NOTE 1 - REPORTING ENTITY:-**

York Township, Union County, Ohio (the Township), is a body politic and corporate established in 1834 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 Fiscal Officer.

The reporting entity is comprised of the primary government.

**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 Liberty Township and Bokescreek Township for fire services and EMS protection services.

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:-**

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.

**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 reflect activities of the Township that are governmental. York Township has no activities that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange 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 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 activity is self-financing on a cash basis or draws from the Township's general receipts.

**YORK TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

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

**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 Township's funds are classified as governmental.

**Governmental Funds** - The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are the following:

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

Motor Vehicle License Tax – This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

Gasoline Tax Fund – This fund receives gasoline tax money to construct, maintain and repair Township roads.

Road and Bridge Fund – This fund receives property tax money to construct, maintain and repair Township roads.

Cemetery Fund – All cemetery related revenues and expenditures are accounted for in this fund.

Fire District Fund – This fund receives property tax money to pay for fire contracts with York Township and Bokescreek Township.

Permissive Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

Miscellaneous Capital Projects – This fund is used to track miscellaneous capital projects taken on by the Township.

**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.

**YORK TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

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

The appropriations 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.

Encumbrances - The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled, and reappropriated in the subsequent year.

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

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

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2006, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposits are reported at cost. The Township's money market fund investment is recorded at the amount reported by the Union Banking Company on December 31, 2006. Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions.

**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. Restricted assets represent monies included in the Motor Vehicle License Tax, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Fire District Fund, Permissive Motor Vehicle License Tax Fund, and Miscellaneous Capital Projects Fund.

**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.

**YORK TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

**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.

**Inter-fund Receivables and Payables** - The Township reports advances-in and advances-out for inter-fund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**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.

**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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

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

**Net Assets** - Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for Gasoline Tax Fund, Fire Levy Fund, and Fire Equipment Special Levy Fund.

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.

**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 are established for encumbrances when necessary.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE:-**

The Township reports no deficit fund balances.

**NOTE 4 - 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, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Fire District Fund, Permissive Motor Vehicle License Tax Fund, and Miscellaneous Capital Projects 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) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an inter-fund receivable or payable (cash basis)). There were no outstanding encumbrances or advances at the end of the year.

**YORK TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 5 - DEPOSITS AND INVESTMENTS:-**

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawal 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;
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.

**YORK TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 5 - DEPOSITS AND INVESTMENTS:-** (continued)

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, \$546,192 of the Township's bank balance of \$646,192 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.

As of December 31, 2006, the Township had the following bank accounts and certificates of deposit:

	<u>Carrying Value</u>	<u>Maturity</u>
Checking	\$ 210,844	
Certificate of Deposit	229,000	1/29/2007
Certificate of Deposit	150,000	2/11/2007
Certificate of Deposit	40,000	3/19/2007
	<u>\$ 629,844</u>	

**NOTE 6 - PROPERTY TAXES:-**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

**YORK TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 6 - PROPERTY TAXES:-** (continued)

The full tax rate for all Township operations for the year ended December 31, 2006, was 1 mills per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

<b>Real Property:-</b>	
Residential	\$ 14,064,450
Agriculture	9,596,450
Commercial/ Industrial/ Mineral	103,540
<b>Public Utility Property:-</b>	
Real	10,390
Personal	274,090
Tangible personal property	1,821,740
<b>Total assessed value</b>	<b>\$ 25,870,660</b>

**NOTE 7 - 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.

**Casualty Coverage** - OTARMA retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Coverage** – Through 2005, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

**YORK TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 7 - RISK MANAGEMENT:-** (continued)

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

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 32,031,312	\$ 30,485,638
Liabilities	( 11,443,952)	( 12,344,576)
<b>Retained earnings</b>	<u>\$ 20,587,360</u>	<u>\$ 18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$ 10,010,963	\$ 9,177,796
Liabilities	( 676,709)	( 1,406,031)
<b>Retained earnings</b>	<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 \$10,983. 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>		
2004	\$	3,272
2005	\$	3,260
2006	\$	3,661

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

**NOTE 8 - 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.



**YORK TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

**NOTE 8 - DEFINED BENEFIT PENSION PLAN:-** (continued)

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, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

**NOTE 9 - POST EMPLOYMENT BENEFITS:-**

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

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, 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 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.5 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,215. 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, were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.



**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by *Government Auditing Standards***

Board of Trustees  
York Township  
Union County

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of York Township, Crawford County, Ohio (the Township), as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 23, 2008, wherein we noted the Township prepared its statements on the cash basis system 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 Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting as item 2006-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Township in a separate letter dated September 23, 2008.

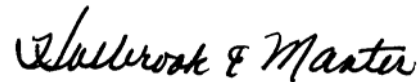
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated September 23, 2008.

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

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



Certified Public Accountants

September 23, 2008

**YORK TOWNSHIP  
UNION COUNTY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

<b>Finding Number</b>	<b>2006-001</b>
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**Significant Deficiency – Internal Control and Review Procedures**

Although the Trustees' receive and review a select number of reports from the Fiscal Officer of the Township for approval on a bi-monthly basis, the Township has not established formal procedures for sign-offs of procedures performed. During our testing and analysis, we noted that the Trustees are not formally reviewing the numerical check sequence prior to signing the checks.

The Township should carefully review this information and make appropriate inquiries to help determine the integrity of the financial information. When performing such review, the trustees' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the trustees' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Board each month.

**Officials' Response**

The Fiscal Officer will continue to provide the bank reconciliations and bank statements to the Trustees for their review and approval at each months meeting. The Township will also document and approve the review of those reports and the numerical sequence of the checks within the monthly minutes.



Mary Taylor, CPA  
Auditor of State

YORK TOWNSHIP

UNION COUNTY

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 18, 2008