



**Mary Taylor, CPA**  
Auditor of State



**EDEN TOWNSHIP  
SENECA COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eden Township, Seneca County, Ohio (the Township), as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Eden Township, Seneca County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge and Special Levy Fire funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

May 25, 2010

**EDEN TOWNSHIP  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED**

This discussion and analysis of Eden Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2009, within the limitations of Eden 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 governmental activities increased \$35,930, or 5.1 percent, from the prior year. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund, with an increase of \$17,914 and the Special Levy Fire Fund with an increase of \$15,273 in 2009.
- The Township's general receipts are primarily property taxes and intergovernmental revenues. These receipts represent respectively 35.6 and 18.4 percent of the total cash received for governmental activities during the year. Property tax receipts for 2009 increased by \$10,809 or 8.4 percent compared to 2008 as a result of a reassessment of property values. Intergovernmental revenues for 2009 increased compared to 2008 as the Township received Issue I monies to help with the road program.
- Expenditures increased by \$86,076 or 31.9 percent as the Township repaired several township roads in 2009.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**EDEN TOWNSHIP  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

**Basis of Accounting**

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

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

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. 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 Township's general receipts.

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

In the statement of net assets and the statement of activities, we report governmental activities which include the Township's basic services such as fire protection and road maintenance. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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

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

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



**EDEN TOWNSHIP  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

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

**The Township as a Whole**

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

(Table 1)  
**Net Assets**

	Governmental Activities	
	2009	2008
<b>Assets</b>		
Cash and Cash Equivalents	\$737,010	\$701,080
<b>Net Assets</b>		
Restricted for:		
Other Purposes	\$493,554	\$466,035
Unrestricted	243,456	235,045
Total Net Assets	\$737,010	\$701,080

As mentioned previously, net assets of governmental activities increased \$35,930 or 5.1 percent during 2009. The primary reasons contributing to the increases in cash balances are as follows:

- The estate tax receipts increased from \$35,053 in 2008 to \$38,698 in 2009.
- The reassessment of property values gained the Township an additional \$10,809 in property taxes.
- The Township received \$36,004 from Issue I Round 24 to help with the Township's 2009 road program.

Table 2 reflects the changes in net assets in 2009 and 2008.

**EDEN TOWNSHIP  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

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

	Governmental Activities	
	2009	2008
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$2,508	\$2,895
Operating Grants and Contributions	135,254	136,456
Capital Grants and Contributions	36,004	
Total Program Receipts	173,766	139,351
General Receipts:		
Property Taxes Levied for:		
General Purposes	17,721	16,096
Road and Bridge	91,773	82,931
Special Levy - Fire	30,094	29,752
Grants and Entitlements Not Restricted to Specific Programs	72,167	73,497
Sale of Capital Assets	500	
Interest	1,634	4,809
Miscellaneous	4,172	1,227
Total General Receipts	218,061	208,312
Total Receipts	391,827	347,663
Disbursements:		
General Government	75,023	82,291
Public Safety	120	
Public Works	202,810	141,564
Health	12,820	11,704
Capital Outlay	65,124	34,262
Total Disbursements	355,897	269,821
Increase in Net Assets	35,930	77,842
Net Assets, January 1	701,080	623,238
Net Assets, December 31	\$737,010	\$701,080

Program receipts represent only 44.3 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as gasoline tax, road and bridge and motor vehicle license tax.

General receipts represent 55.7 percent of the Township's total receipts, and of this amount, over 64.0 percent are local taxes. State and federal grants and entitlements make up most of the remaining balance of the Township's general receipts (33.1 percent). Other receipts and interest are 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 of trustees and fiscal officer, as well as internal services such as payroll and purchasing.

**EDEN TOWNSHIP  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

Public Safety is the cost of fire protection services; Public Works is the cost of maintaining the roads; Public Health Services is for the cemetery and related costs; and Capital Outlay is the cost of fire protection and cost of road improvement.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities is public works, which accounts for 57.0 percent of all governmental disbursements. General government and capital outlay also represent, significant costs, of about 21.1 and 18.3 percent, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2009	2009	2008	2008
General Government	\$75,023	\$75,023	\$82,291	\$82,291
Public Safety	120	(8,880)		(9,000)
Public Works	202,810	38,804	141,564	12,448
Health	12,820	12,820	11,704	11,704
Other		(760)		(1,235)
Capital Outlay	65,124	65,124	34,262	34,262
<b>Total Expenses</b>	<b>\$355,897</b>	<b>\$182,131</b>	<b>\$269,821</b>	<b>\$130,470</b>

The dependence upon property tax receipts is apparent as over 39.2 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total government funds had receipts and other financing sources of \$391,827 and disbursements of \$355,897. The greatest change within governmental funds occurred within the Gasoline Tax and Special Levy Fire Funds. The fund balance of the Gasoline Tax Fund increased \$17,914 and the Special Levy Fire Fund increased \$15,273.

**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 to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to not anticipating estate taxes. The difference between final budgeted receipts and actual receipts was \$185.

**EDEN TOWNSHIP  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

The Township appropriates all its estimated receipts and available fund balances. Final disbursements were budgeted at \$87,853 while actual disbursements were \$87,843. The Township kept spending within budgeted amounts as demonstrated by the difference between final budgeted disbursements and actual disbursements of \$10.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

At December 31, 2009, the Township did not have any outstanding debt.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Julie L. Vogel, Fiscal Officer, Eden Township, P.O. Box 71, Melmore, Ohio, 44845-0071.

**EDEN TOWNSHIP  
SENECA COUNTY**

Statement of Net Assets - Cash Basis  
December 31, 2009

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$737,010</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$493,554
Unrestricted	<u>243,456</u>
Total Net Assets	<u><u>\$737,010</u></u>

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP  
SENECA COUNTY**

Statement of Activities - Cash Basis  
For the Year Ended December 31, 2009

		Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$75,023				(\$75,023)
Public Safety	120		\$9,000		8,880
Public Works	202,810	\$1,748	126,254	\$36,004	(38,804)
Public Health Services	12,820				(12,820)
Other		760			760
Capital Outlay	65,124				(65,124)
	<u>\$355,897</u>	<u>\$2,508</u>	<u>\$135,254</u>	<u>\$36,004</u>	<u>(182,131)</u>
<b>Total</b>					
		<b>General Receipts</b>			
		Property Taxes Levied for:			
					17,721
					91,773
					30,094
					72,167
					500
					1,634
					4,172
					218,061
					35,930
					701,080
					\$737,010

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP  
SENECA COUNTY**

Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2009

	General	Gasoline Tax	Road and Bridge	Special Levy Fire	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	<u>\$243,456</u>	<u>\$194,806</u>	<u>\$120,756</u>	<u>\$94,052</u>	<u>\$83,940</u>	<u>\$737,010</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated Reported in:						
General Fund	\$243,456					\$243,456
Special Revenue Funds		<u>\$194,806</u>	<u>\$120,756</u>	<u>\$94,052</u>	<u>\$83,940</u>	<u>493,554</u>
Total Fund Balances	<u>\$243,456</u>	<u>\$194,806</u>	<u>\$120,756</u>	<u>\$94,052</u>	<u>\$83,940</u>	<u>\$737,010</u>

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP  
SENECA COUNTY**

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

	General	Gasoline Tax	Road and Bridge	Special Levy Fire	Public Work Commission	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$17,721		\$91,773	\$30,094			\$139,588
Licenses, Permits and Fees	760						760
Intergovernmental	73,347	\$87,063	16,065	5,294	\$36,004	\$25,652	243,425
Special Assessments						1,748	1,748
Interest	1,040	448				146	1,634
Other	3,386		307	5		474	4,172
<b>Total Receipts</b>	<b>96,254</b>	<b>87,511</b>	<b>108,145</b>	<b>35,393</b>	<b>36,004</b>	<b>28,020</b>	<b>391,327</b>
<b>Disbursements</b>							
Current:							
General Government	75,023						75,023
Public Safety				120			120
Public Works		69,597	119,603			13,610	202,810
Public Health Services	12,820						12,820
Capital Outlay				20,000	36,004	9,120	65,124
<b>Total Disbursements</b>	<b>87,843</b>	<b>69,597</b>	<b>119,603</b>	<b>20,120</b>	<b>\$36,004</b>	<b>22,730</b>	<b>355,897</b>
Excess of Receipts Over / (Under) Disbursements	8,411	17,914	(11,458)	15,273		5,290	35,430
<b>Other Financing Source</b>							
Sale of Capital Assets						500	500
<b>Net Change in Fund Balances</b>	<b>8,411</b>	<b>17,914</b>	<b>(11,458)</b>	<b>15,273</b>		<b>5,790</b>	<b>35,930</b>
Fund Balances Beginning of Year	235,045	176,892	132,214	78,779		78,150	701,080
<b>Fund Balances End of Year</b>	<b>\$243,456</b>	<b>\$194,806</b>	<b>\$120,756</b>	<b>\$94,052</b>		<b>\$83,940</b>	<b>\$737,010</b>

See accompanying notes to the basic financial statements



**EDEN TOWNSHIP  
SENECA COUNTY**

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$15,080	\$16,880	\$17,721	\$841
Licenses, Permits and Fees	1,200	1,200	760	(440)
Intergovernmental	37,020	75,720	73,347	(2,373)
Interest	2,200	2,200	1,040	(1,160)
Other	69	69	3,386	3,317
	55,569	96,069	96,254	185
<b>Disbursements</b>				
Current:				
General Government	125,841	75,033	75,023	10
Public Works	145,753			
Health	14,020	12,820	12,820	
Capital Outlay	5,000			
	290,614	87,853	87,843	10
Total Disbursements	290,614	87,853	87,843	10
Net Change in Fund Balance	(235,045)	8,216	8,411	195
Fund Balance Beginning of Year	\$235,045	235,045	235,045	
Fund Balance End of Year	\$243,261	\$243,261	\$243,456	\$195

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP  
SENECA COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$76,000	\$87,000	\$87,063	\$63
Interest	1,000	500	448	(52)
<b>Total Receipts</b>	<u>77,000</u>	<u>87,500</u>	<u>87,511</u>	<u>11</u>
<b>Disbursements</b>				
Current:				
Public Works	233,892	69,600	69,597	3
Capital Outlay	<u>20,000</u>			
<b>Total Disbursements</b>	<u>253,892</u>	<u>69,600</u>	<u>69,597</u>	<u>3</u>
Net Change in Fund Balance	(176,892)	17,900	17,914	14
Fund Balance Beginning of Year	<u>\$176,892</u>	<u>176,892</u>	<u>176,892</u>	
Fund Balance End of Year		<u><u>\$194,792</u></u>	<u><u>\$194,806</u></u>	<u><u>\$14</u></u>

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP  
SENECA COUNTY**

Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Road and Bridge Fund  
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$82,800	\$92,100	\$91,773	(\$327)
Intergovernmental	14,200	15,600	16,065	465
Other	400	400	307	(93)
<b>Total Receipts</b>	<u>97,400</u>	<u>108,100</u>	<u>108,145</u>	<u>45</u>
<b>Disbursements</b>				
Current:				
Public Works	219,614	119,607	119,603	4
Capital Outlay	10,000			
<b>Total Disbursements</b>	<u>229,614</u>	<u>119,607</u>	<u>119,603</u>	<u>4</u>
<b>Net Change in Fund Balance</b>	(132,214)	(11,507)	(11,458)	49
<b>Fund Balance Beginning of Year</b>	<u>\$132,214</u>	<u>132,214</u>	<u>132,214</u>	
<b>Fund Balance End of Year</b>		<u><u>\$120,707</u></u>	<u><u>\$120,756</u></u>	<u><u>\$49</u></u>

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP  
SENECA COUNTY**

Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Speical Levy Fire Fund  
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$29,500	\$30,240	\$30,094	(\$146)
Intergovernmental	5,100	5,100	5,294	194
Other	50	50	5	(45)
	<u>34,650</u>	<u>35,390</u>	<u>35,393</u>	<u>3</u>
<b>Disbursements</b>				
Current:				
Public Safety	429	120	120	
Capital Outlay	113,000	20,000	20,000	
	<u>113,429</u>	<u>20,120</u>	<u>20,120</u>	
Total Disbursements	<u>113,429</u>	<u>20,120</u>	<u>20,120</u>	
Net Change in Fund Balance	(78,779)	15,270	15,273	3
Fund Balance Beginning of Year	<u>\$78,779</u>	<u>78,779</u>	<u>78,779</u>	
Fund Balance End of Year	<u><u>\$94,049</u></u>	<u><u>94,049</u></u>	<u><u>94,052</u></u>	<u><u>\$3</u></u>

See accompanying notes to the basic financial statements

**EDEN TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 1 – REPORTING ENTITY**

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

The reporting entity is comprised of the primary government.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with Sycamore Volunteer Fire Department and Clinton Township Fire Department for fire protection. Police protection is provided by the Seneca 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.

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

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**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.

**EDEN TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

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

Government-Wide Financial Statements

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

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are as follows:

**1. General Fund**

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

**2. Gasoline Tax Fund**

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

**EDEN TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

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

**3. Road and Bridge Fund**

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

**4. Special Levy Fire Fund**

The Special Levy Fire Fund receives property tax monies to provide for fire protection for the citizens of the Township.

**5. Public Work Commission Fund**

The Public Work Commission Fund receives Issue I monies for maintaining and repairing Township roads.

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

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued 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 fund, department, and object level for all funds.

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

**EDEN TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

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

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

**E. Cash**

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

During 2009, the Township had active funds in the form of a demand account (checking account) with Fifth Third Bank, the Township's designated depository bank.

Interest earnings are allocated to Township funds according to State statutes and grant requirements. Interest receipts credited to the General Fund during 2009 was \$1,040 which includes \$278 assigned from other Township funds.

**F. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

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

**H. Employer Contributions to Cost-Sharing Pension Plans**

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

**I. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**J. Net Assets**

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

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.



**EDEN TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

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

**NOTE 4 – DEPOSITS**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
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;

**EDEN TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

**NOTE 4 – DEPOSITS – (CONTINUED)**

7. The State Treasurer's investment pool (STAR Ohio).

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$492,697 of the Township's bank balance of \$742,697 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

**NOTE 5 – PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, 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 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2008, were levied after October 1, 2008, 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 assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to 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 rate for all Township operations for the year ended December 31, 2009, was 4.1 mills per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 property tax receipts were based are as follows:

**EDEN TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

**NOTE 5 – PROPERTY TAXES – (CONTINUED)**

Real Property	
Residential	\$27,204,460
Agriculture	11,960,560
Commercial/Industrial	991,850
Public Utility Personal	921,900
Total Assessed Value	\$41,078,770

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**NOTE 6 – RISK MANAGEMENT**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

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

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

**EDEN TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

**NOTE 6 – RISK MANAGEMENT – (CONTINUED)**

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, 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 \$4,000.

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.

<b><u>Contributions to OTARMA</u></b>	
2008	\$5,429
2009	\$4,975

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

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

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.

**EDEN TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. The Township's contribution rate for 2009 was 10 percent, of their annual covered salaries. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

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 \$10,055, \$10,021, and \$9,956 respectively. The full amount has been contributed for 2009, 2008 and 2007. Contributions to the member-directed plan for 2009 were \$10,055 made by the Township and \$7,182 made by the plan members.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, state employers and local government employers contributed 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009, on covered payroll.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

**EDEN TOWNSHIP  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(CONTINUED)**

**NOTE 8 - POSTEMPLOYMENT BENEFITS – (CONTINUED)**

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$4,186, \$5,011, and \$4,978 respectively; 100 percent has been contributed for 2009, 2008 and 2007.

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



**Mary Taylor, CPA**  
Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Eden Township, Seneca County, (the Township) as of and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 25, 2010, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion 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 25, 2010.

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



**Mary Taylor, CPA**  
Auditor of State

May 25, 2010





**Mary Taylor, CPA**  
Auditor of State

**EDEN TOWNSHIP**

**SENECA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 10, 2010**