

Elkrun Township

Financial Condition

As of

December 31, 2007

Together with Auditor's Report



Mary Taylor, CPA
Auditor of State

Board of Trustees
Elkrun Township
P.O. Box 36
Elkton, Ohio 44415

We have reviewed the *Report of Independent Accountants* of Elkrun Township, Columbiana County, prepared by Kevin L. Penn, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 25, 2008

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Elkrun Township
Columbiana County

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustee
Elkrun Township
Columbiana County

I have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Elkrun Township, Columbiana County, Ohio (the Township), as of and for the year ended December 31, 2007 which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on our audit.

I 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 2, the Township has prepared these financial statements using the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund and the aggregate remaining fund information of the Township as of December 31, 2007 and the respective changes in cash financial position and the respective budgetary comparison for the General Fund , Gasoline Tax Fund, Road and Bridge Fund, Road Township Fund, and Special Levy Fund thereof for the year then ended in conformity with the basis of the accounting Note 2 describes.

In accordance with Government Auditing Standards, I have also issued my report dated May 2, 2008, on my consideration of the Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal controls over financial reporting and compliance and the results of testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards. You should read it in conjunction with this report in assessing the results of my audit.

The Management's Discussion and Analysis, is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the required supplementary information. However, I did not audit the information and express no opinion on it.

Kevin L. Penn, Inc.

May 2, 2008

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

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

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$29,961, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Gasoline Tax Fund, The Government's general receipts are primarily property and income taxes. These receipts represent the total cash received for governmental activities during the year. Property and income tax receipts for 2007 changed very little compared to 2006 as development within the Government has slowed.

A new Dump Truck was purchased for road use. The long term debt was retired on the previously purchased Dump Truck which had impacted Road Funds. The rising cost of oil based products impacted government funds but the Bituminous Road Program was completed.

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 Township as a whole.

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

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The 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.

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.

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

Reporting Elkrun Township as a Whole

Elkrun Township has no component unit.

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Elkrun Township 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 Township's 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 non financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities the Township has only;

Governmental activities. Most of the Township's basic services are reported here, include, fire and roadways. 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.

The Township has no business-type activity.

Reporting the Township's Most Significant Funds

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

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, Gasoline Tax, Road & Bridge, Road Township Levy, Special Fire Levy, Miscellaneous Capital Projects. 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.

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

Proprietary Funds — When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Elkrun Township has no Enterprise fund. When the services are provided to other department of the Township, the service is reported as an internal service fund. The Township has no internal service fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Government's programs.

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

Table 1

	2006	2007
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 403,627	\$ 433,588
Total Assets	\$ 403,627	\$ 433,588
Net Assets		
Restricted for:		
Capital Projects	\$ 684	\$ 14,330
Debt Service	459	459
Permanent Fund: Non Expendable Trust		
Expendable	486	546
Non Expendable	2,000	2,000
Other Purposes	246,066	321,958
Unrestricted	153,932	94,295
Total Net Assets	\$ 403,627	\$ 433,588

As mentioned previously, net assets of governmental activities Increased \$29,961 during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- Unanticipated revenue due to the increase tax receipts due Gasoline prices.
- Revenue received from the Construction Demolition Debris fees for 9 months. This revenue is not predictable.
- The Government received Estate Taxes which was unpredictable revenue.
- An increase in the funds on hand is due to in an increase of interest rates on our sweep account funds.

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

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

Table 2

	<u>2006</u>	<u>2007</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 29,226	\$ 4,683
Operating Grants and Contributions	111,774	113,357
Capital Grants and Contributions	-	<u>10,250</u>
Total Program Receipts	<u>141,000</u>	<u>128,290</u>
General Receipts:		
Property and Other Local Taxes	222,958	237,858
Grants and Entitlements not Restricted to Specific Program	1,412	34,119
Interest	12,466	17,361
Miscellaneous	<u>70,644</u>	<u>57,063</u>
Total General Receipts	<u>307,481</u>	<u>346,401</u>
Total Receipts	<u>448,481</u>	<u>474,691</u>
Disbursements:		
General Government	104,921	110,737
Public Health Services	190	400
Public Safety	20,317	21,400
Public Works	223,328	184,857
Human Services	78,500	-
Capital Outlay		85,104
Principal Retirement	23,315	40,771
Other	<u>2,166</u>	<u>1,461</u>
Total Disbursements	<u>452,737</u>	<u>444,730</u>

Program receipts represent 68 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 22 percent of the Township's total receipts, and of this amount, over 74 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are a 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 cost of council, and the auditor, treasurer, 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 a percentage of the General Fund unrestricted receipts.

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

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

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Government. The next column identifies 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 governmental disbursements, respectively. General government also represents a significant cost. The next three columns of the Statement entitled Program Receipts identify 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

	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$ 110,737	\$ (110,737)
Public Safety	21,400	(21,400)
Public Works	184,857	(66,817)
Health	400	(400)
Human Services	85,105	(85,105)
Conservation - Recreation		10,250
Debt Service - Principal	40,770	(40,770)
Debt Service - Interest	1,461	(1,461)
	<hr/>	<hr/>
Total Governmental Activities	\$ 444,730	\$ (316,440)

The dependence upon property and income tax receipts is apparent as governmental activities are supported through these general receipts.

Business-type Activities There are no business activities as there is no water operation in Elkrun Township.

Elkrun Township's Funds

Total governmental funds had receipts of \$474,690 and disbursements of \$444,729 the greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$59,637 as the result of the necessary purchase of a new Dump Truck and retirement of the loan on the other Dump Truck.

General Fund receipts were more than disbursements by \$40,363 indicating that the General Fund could handle the transfer of \$100,000 into the Capital Fund account. Gasoline Tax receipts were more than disbursements by \$35,404, indicating spending has been cautious. Road and Bridge receipts were more than disbursements by \$18,760. Road Township Levy receipts were less than disbursements by \$1,195 clearly indicating a need for caution in allocating funds for road repairs. Increasing the fund by the diverted loan payment retired this year will add the needed funds to that account. The Special Fire Levy receipts were more than disbursements by \$14,905 indicating costs are being kept inline with revenue. Good stewardship will not eliminate the need for additional revenue (or additional cuts in expenditures) in the future, if the growth in property taxes remains stagnant.

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

General Fund Budgeting Highlights

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

During 2007, the Township amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected Construction and Demolition Debris Fee receipts. The difference between final budgeted receipts and actual receipts enabled the board to transfer \$100,000 into the Capital Projects Fund.

Final disbursements were budgeted at \$181,187 while actual disbursements were \$130,987. Although receipts were beyond expectations, appropriations were not inflated, The Township spending very close to budget amounts as demonstrated by the reported variances. The result is the decrease in fund balance of \$59,637 for 2007.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2007, the Township's outstanding debt was retired. the current loan balance for road equipment purchased. Refer to Note 11; Notes to the basic financial statements.

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 no industry other than agriculture & real estate to support the tax base.

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 Linda Eells, Fiscal Officer, Elkrun Township, P.O. Box 36, Elkton, Ohio 44415 or by phone at 330 424 9144 or 330 424 5772 by email at eellsle@peoplepc.com

Elkrun Township
 Columbiana County
 Statement of Net Assets - Cash Basis
 December 31, 2007

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	<u>\$ 433,588</u>
Total Assets	<u><u>\$ 433,588</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$ 14,330
Debt Service	459
Permanent Fund: Non Expendable Trust	
Expendable	546
Non Expendable	2,000
Other Purposes	321,958
Unrestricted	<u>94,295</u>
Total Net Assets	<u><u>\$ 433,588</u></u>

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

Elkrun Township
 Columbiana County
 Statement of Activities – Cash Basis
 For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 110,737	\$ -	\$ -	\$ -	\$ (110,737)
Public Safety	21,400				(21,400)
Public Works	184,857	4,683	113,357		(66,817)
Health	400				(400)
Capital Outlay	85,104				(85,104)
Conservation-Recreation				10,250	10,250
Debt Service – Principal	40,771				(40,771)
Debt Service – Interest	1,461				(1,461)
Total Governmental Activities	\$ 444,730	\$ 4,683	\$ 113,357	\$ 10,250	\$ (316,440)
General Receipts					
Property Taxes Levied for:					
					\$ 237,858
					34,119
					17,361
					57,063
					346,401
					29,961
					403,627
					\$ 433,588

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

Elkrun Township
 Columbiana County
 Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2007

	General	Gasoline Tax	Road and Bridge	Road Township (Levy)
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 94,295	\$ 142,501	\$ 41,309	\$ 32,702
Total Assets	\$ 94,295	\$ 142,501	\$ 41,309	\$ 32,702
Fund Balances				
Reserved:				
Reserved for Encumbrances		\$ -	\$ -	\$ -
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	94,295			
Special Revenue Funds		142,501	41,309	32,702
Capital Projects Funds				
Debt Service Fund				
Permanent Fund				
Total Net Assets	\$ 94,295	\$ 142,501	\$ 41,309	\$ 32,702

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

(continued)

Elkrun Township
Columbiana County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	Special Revenue (Levy)	Misc. Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 78,822	\$ 14,330	\$ 29,629	\$ 433,588
Total Assets	\$ 78,822	\$ 14,330	\$ 29,629	\$ 433,588
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ -	\$ -	\$ -	\$ -
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund				94,295
Special Revenue Funds	78,822		26,624	321,958
Capital Projects Funds		14,330		14,330
Debt Service Fund			459	459
Permanent Fund			2,546	2,546
Total Net Assets	\$ 78,822	\$ 14,330	\$ 29,629	\$ 433,588

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

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

	General	Gasoline Tax	Road and Bridge	Road District (Levy)
Cash Receipts:				
Taxes	\$ 67,116	\$ -	\$ 43,828	\$ 60,025
Licenses, Permits and Fees				
Intergovernmental Receipts	96,002	92,921	5,961	9,105
Interest	8,016	7,895		
Other Revenue	216			
Total Cash Receipts	171,350	100,816	49,789	69,130
Cash Disbursements:				
General Government	110,737			
Public Safety				
Public Works		65,412	31,029	70,325
Health				
Capital Outlay	10,250			
Debt Service - Note Principal Payment	10,000			
Debt Service - Interest and Fiscal Charges				
Total Cash Disbursements	130,987	65,412	31,029	70,325
Total Receipts Over/(Under) Disbursements	40,363	35,404	18,760	(1,195)
Other Financing Receipts/(Disbursements)				
Transfers-In				
Transfers-Out	(100,000)			
Total Other Financing Receipts/(Disbursements)	(100,000)	-	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(59,637)	35,404	18,760	(1,195)
Fund Cash Balance - January 1, 2007	153,932	107,097	22,550	33,897
Fund Cash Balance - December 31, 2007	\$ 94,295	\$ 142,501	\$ 41,310	\$ 32,702

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

(continued)

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

	Special Revenue (Levy)	Misc. Capital Project	Other Governmental Funds	Total Governmental Funds
Cash Receipts:				
Taxes	\$ 33,659	\$ -	\$ 14,489	\$ 219,117
Licenses, Permits and Fees			675	675
Intergovernmental Receipts	2,646		20,436	227,071
Interest			1,450	17,361
Other Revenue		10,250		10,466
Total Cash Receipts	<u>36,305</u>	<u>10,250</u>	<u>37,050</u>	<u>474,690</u>
Cash Disbursements:				
General Government				110,737
Public Safety	21,400			21,400
Public Works			18,090	184,856
Health			400	400
Human Services		74,854		85,104
Debt Service - Note Principal Payment		21,750	9,021	40,771
Debt Service - Interest and Fiscal Charges			1,461	1,461
Total Cash Disbursements	<u>21,400</u>	<u>96,604</u>	<u>28,972</u>	<u>444,729</u>
Total Receipts Over/(Under) Disbursements	<u>14,905</u>	<u>(86,354)</u>	<u>8,078</u>	<u>29,961</u>
Other Financing Receipts/(Disbursements)				
Transfers-In		100,000		100,000
Transfers-Out				(100,000)
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	14,905	13,646	8,078	29,961
Fund Cash Balance - January 1, 2007	63,917	684	21,550	403,627
Fund Cash Balance - December 31, 2007	<u>\$ 78,822</u>	<u>\$ 14,330</u>	<u>\$ 29,628</u>	<u>\$ 433,588</u>

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

Elkrun Township
Columbiana County
Statement of Receipts, Disbursements and Changes in Fund
Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property and Other Local Taxes	\$ 108,734	\$ 108,734	\$ 67,116	\$ (41,618)
Intergovernmental	92,395	92,395	96,002	3,607
Interest	8,500	8,500	8,016	(484)
Other			216	216
Total Receipts	209,629	209,629	171,350	(38,279)
Disbursements:				
Current:				
General Government	116,085	142,359	110,737	31,622
Human Services	10,000	10,000		10,000
Capital Outlay	18,828	18,828	10,250	8,578
Interest and Fiscal Charges	10,000	10,000	10,000	-
Total Disbursements	154,913	181,187	130,987	50,200
Excess of Receipts Over (Under) Disbursements	54,716	28,442	40,363	11,921
Other Financing Sources (Uses)				
Transfers Out		(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	-	(100,000)	(100,000)	-
Net Change in Fund Balances	54,716	(71,558)	(59,637)	11,921
Fund Balances Beginning of Year	153,932	153,932	153,932	-
Prior Year Encumbrances Appropriated	-			-
Fund Balances End of Year	\$ 208,648	\$ 82,374	\$ 94,295	\$ 11,921

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

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

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts:				
Intergovernmental	\$ 160,231	\$ 160,231	\$ 92,921	\$ (67,310)
Interest	4,750	4,750	7,895	3,145
Total Receipts	164,981	164,981	100,816	(64,165)
Disbursements:				
Current:				
Public Works	99,339	74,558	65,412	9,146
Total Disbursements	99,339	74,558	65,412	9,146
Excess of Receipts Over (Under) Disbursements	65,642	90,423	35,404	(55,019)
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	65,642	90,423	35,404	(55,019)
Fund Balances Beginning of Year	107,097	107,097	107,097	-
Prior Year Encumbrances Appropriated				-
Fund Balances End of Year	\$ 172,739	\$ 197,520	\$ 142,501	\$ (55,019)

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

Elkrun Township
 Columbiana County
 Statement of Receipts, Disbursements and Changes in Fund
 Balance – Budget and Actual - Budget Basis
 Road and Bridge
 For the Year Ended December 31, 2007

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property and Other Local Taxes	\$ 31,794	\$ 31,794	\$ 43,828	\$ 12,034
Intergovernmental	5,000	5,000	5,961	961
Total Receipts	36,794	36,794	49,789	12,995
Disbursements:				
Current:				
Public Works	21,741	57,986	31,029	(26,957)
Total Disbursements	21,741	57,986	31,029	26,957
Excess of Receipts Over (Under) Disbursements	15,053	(21,192)	18,760	39,952
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	15,053	(21,192)	18,760	39,952
Fund Balances Beginning of Year	22,550	22,550	22,550	-
Prior Year Encumbrances Appropriated				-
Fund Balances End of Year	\$ 37,603	\$ 1,358	\$ 41,310	\$ 39,952

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

Elkrun Township
 Columbiana County
 Statement of Receipts, Disbursements and Changes in Fund
 Balance - Budget and Actual - Budget Basis
 Road District
 For the Year Ended December 31, 2007

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property and Other Local Taxes	\$ 66,295	\$ 66,295	\$ 60,025	\$ (6,270)
Intergovernmental	7,300	7,300	9,105	1,805
Other	500	500		(500)
Total Receipts	74,095	74,095	69,130	(4,965)
Disbursements:				
Current:				
Public Works	35,528	111,320	70,326	40,994
Total Disbursements	35,528	111,320	70,326	40,994
Excess of Receipts Over (Under) Disbursements	38,567	(37,225)	(1,196)	36,029
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	38,567	(37,225)	(1,196)	36,029
Fund Balances Beginning of Year	33,897	33,897	33,897	-
Prior Year Encumbrances Appropriated				-
Fund Balances End of Year	\$ 72,464	\$ (3,328)	\$ 32,701	\$ 36,029

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

Elkrun Township
 Columbiana County
 Statement of Receipts, Disbursements and Changes in Fund
 Balance - Budget and Actual - Budget Basis
 Special Levy
 For the Year Ended December 31, 2007

	Budget Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Property and Other Local Taxes	\$ 129,483	\$ 129,483	\$ 33,659	\$ (95,824)
Intergovernmental	3,500	3,500	2,646	(854)
Total Receipts	132,983	132,983	36,305	(96,678)
Disbursements:				
Current:				
Public Safety	58,098	22,800	21,400	1,400
Total Disbursements	58,098	22,800	21,400	1,400
Excess of Receipts Over (Under) Disbursements	74,885	110,183	14,905	(95,278)
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	74,885	110,183	14,905	(95,278)
Fund Balances Beginning of Year	63,917	63,917	63,917	-
Prior Year Encumbrances Appropriated				-
Fund Balances End of Year	\$ 138,802	\$ 174,100	\$ 78,822	\$ (95,278)

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

Elkrun Township
Columbiana County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 1 – Description of Township and Reporting Entity

The Elkrun Township, Columbiana County, Ohio, is a body politic 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 Fiscal Officer.

The reporting entity is 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 Elkrun/Center Township Fire Department provides fire protection. In addition the Township contracts with the West Point Volunteer Fire Department and the Negley Volunteer Fire Department for additional fire protection. Police protection is provided by The Columbiana County Sheriffs Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. 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 and the fund financial statements for the proprietary funds, 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. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds as these funds do not exist with Elkrun Township. 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.

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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Elkrun Township
Columbiana County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

The statement of net assets presents the cash and investment balances and debt 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 is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

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

B. Fund Accounting

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

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 fund is the 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. Additional major governmental funds are the Gasoline Tax Fund, the Road & Bridge Fund, the Road Township Fund (levy) and the Special Levy Fund (Fire) Capital Projects which is restricted funds for a particular purpose.

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

Elkrun Township
Columbiana County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund

Elkrun Township
Columbiana County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

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 2007, the Township carried a nonnegotiable certificate of deposit. The nonnegotiable certificate of deposit is reported at cost. The Township's Repurchase fund investment is recorded at the amount reported by Consumer's National Bank on December 31, 2007.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$8,016. Interest earnings to other government funds were \$1,450 and interest earnings on the Gasoline Tax Fund were \$7,895.

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.

G. 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.

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 Note 10 the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other longterm obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. As Elkrun Township has entered into a loan with Consumer's Bank a payment of principal and interest will appear each year until the debt is satisfied.

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 the payment of debt incurred with the purchase of a new road use dump truck in the amount of \$10,481.32 annually. The township's policy is to apply restricted resources for this particular obligation.

Elkrun Township
Columbiana County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 3 - Accountability and Compliance

A. Accountability

The Statement of Cash receipts, disbursements and changes in -Cash Basis Fund Balances reflects a deficit in net Change in fund Balances in the Road Township Levy Fund as disbursements exceeded Receipts by \$1,195 but the year end balance for that fund was \$32,701. The General Fund reflected a net change in Fund balances as a deficit of \$59,637 due to a transfer of funds to the Misc. Capital Projects Fund. Elkrun Township purchased a new Dump Truck and retired the Loan on our other Dump Truck which was not originally budgeted for disbursement in 2007. The Fund Balances End of Year carry in the General Fund a balance of \$94,294 while the Misc. Capital Projects Fund carries a balance of \$14,329.

B. Compliance

Elkrun Township is in compliance with the Ohio Revised Code.

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 (and any major special revenue fund are) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (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 interfund receivable or payable (cash basis)). There were no encumbrances outstanding at year end.

Elkrun Township
Columbiana County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 6 - Deposits and Investments

The Township maintains a cash and investment pool. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances, Governmental Fund Type as of December 31, 2007."

Legal Requirements

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 Board of Trustees has identified as not required for use within the current two 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 may be invested in the following securities:

1. United States treasury notes, bills, bonds, 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 obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

The Township may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, Township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the Township.

Elkrun Township
Columbiana County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 6 - Deposits and Investments (continued)

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 be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Clerk by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year end, the carrying amount of the Township's deposits were \$433,588 and the bank balance was \$444,252. Of the bank balance, \$100,000 was covered by federal depository insurance, and \$344,252 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Investments: GASB Statement No.3 "Deposits with Financial Institutions, investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and market value of investments classified by risk. Category 1 included investments that are insured or registered for which the securities are held in the counter party's trust department or agent in the Township's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the Township's name. At December 31, 2007, the Township held no investments that would be classified as investments under GASB Statement No.3.

Note 7- Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006 the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2007. 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

Elkrun Township
Columbiana County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 7 -- Property Taxes (continued)

taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2007, was calculated per \$1,000 of assessed value as shown on graph below. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

<u>Real Property</u>	<u>Lisbon</u>	<u>Beaver Local School Dist.</u>	<u>Lisbon Village School Dist.</u>	<u>Crestview Local SD</u>
Township Levy per \$1000	7.1	7.4	7.4	7.4
Residential & Agricultural	47.383419	38.739394	43.412683	39.043123
Commercial/Industrial/Mineral	48.900757	40.169545	44.476742	40.45341
Tangible Personal Property	61.05	50.55	55.75	56.07
Public Utility	61.05	50.55	55.75	56.07

Note 8— Interfund Receivables/Payables

There were no Interfund balances at December 31, 2007.

Note 9 — Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Township contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
The Ohio Plan	Commercial Property	\$ 114,700
Whitaker Myers	General Liability	\$1,000,000/\$3,000,000
	Commercial Crime	\$ 197,100
	Inland Marine	\$ 216,638
	Vehicle	\$ 1,000,000
	Errors and Omissions	\$1,000,000/\$3,000,000
	Public Officials	\$1,000,000/\$3,000,000
Consumer's Bank FDIC	Fidelity and Deposit	105% of Deposits held

Claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year. There have been no losses claimed in the last three years.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The Frank Gates Service Company, system administers group rating.

Elkrun Township
Columbiana County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 10 - Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer 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 provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007 the members of all three plans, participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$24,414, \$21,975, and \$20,315 respectively. The full amount has been contributed for 2007, 2006 and 2005.

Note 11 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

Elkrun Township
Columbiana County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 11 - Postemployment Benefits (continued)

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 376,109. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$24,414. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

Note 12 - Interfund Transfers

During 2007 there was one transfers made from the General Fund to the Capital Projects Fund.

Note 13 - Contractual Commitments

The township contracts with the county for a road program each summer, which lowers cost of materials and equipment. The township also contracts for mutual aide with three additional fire departments on an annual basis.

Note 14 - Contingent Liability

The Township was co-defendant in one lawsuit. The matter was settled in 2007 regarding the LGF and LGRAF funds.



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

To the Board of Trustee
Elkrun Township
Columbiana County

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elkrun Township as of and for the year ended December 31, 2007, and have issued my report thereon dated May 2, 2008. I conducted my audit in accordance with generally accepted auditing standards 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. My report on the financial statements disclosed that, as described in Note 2 to the financial statements, the Township prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of Ohio, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Elkrun Township's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Elkrun Township's internal control over financial reporting. Accordingly, I do not express an opinion on the effective ness of the Elkrun Township's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management of 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 Elkrun Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with a comprehensive basis of accounting other than generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Elkrun Township's financial statements that is more than inconsequential will not be prevented or detected by Elkrun Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Elkrun Township's internal control.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

I noted certain matters that I reported to management of Elkrun Township in a separate letter dated May 2, 2008.

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

Kevin L. Penn, Inc.

May 2, 2008

ELKRUN TOWNSHIP
Columbiana County

Schedule of Findings
December 31, 2007

Finding Related to the Financial Statements
Required to be Reported in Accordance with GAGAS

There are no audit findings for the 2007 calendar year.



Mary Taylor, CPA
Auditor of State

ELKRUN TOWNSHIP

COLUMBIANA 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
SEPTEMBER 4, 2008**