

OAK RUN TOWNSHIP
MADISON COUNTY, OHIO

Audited Financial Statements

For the Years Ended December 31, 2007 and 2006



Mary Taylor, CPA

Auditor of State

Board of Trustees
Oak Run Township
8695 State Route 56 SE
Mt. Sterling, Ohio 43143

We have reviewed the *Independent Auditor's Report* of Oak Run Township, Madison County, prepared by Van Kregel and Company, CPA's, for the audit period January 1, 2006 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Oak Run Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 4, 2008

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Oak Run Township
Madison County, Ohio

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INDEPENDENT AUDITOR'S REPORT

Oak Run Township
Madison County, Ohio
8695 State Route 56 SE
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Oak Run Township, Madison County, Ohio (the Township) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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. We believe our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for they years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Oak Run Township, Madison County, Ohio as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.



Van Krevel & Company
Dublin, Ohio

February 3, 2008

Oak Run Township
Madison County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2007

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 17,518	\$ -	\$ 17,518
Intergovernmental Receipts	21,532	99,062	120,594
Earnings on investments	5,761	4,197	9,958
Miscellaneous	2,023	-	2,023
Total Cash Receipts	<u>46,834</u>	<u>103,259</u>	<u>150,093</u>
Cash Disbursements:			
Current:			
General Government	49,356	-	49,356
Public Safety	10,912	-	10,912
Public Works	1,840	39,480	41,320
Health	217	-	217
Capital Outlay	9,000	-	9,000
Total Cash Disbursements	<u>71,325</u>	<u>39,480</u>	<u>110,805</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(24,491)</u>	<u>63,779</u>	<u>39,288</u>
Other Financing Receipts/(Disbursements):			
Other Financing Sources	58	-	58
Total Other Financing Receipts/(Disbursements)	<u>58</u>	<u>-</u>	<u>58</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(24,433)	63,779	39,346
Fund Cash Balances, January 1	<u>204,502</u>	<u>116,219</u>	<u>320,721</u>
Fund Cash Balances, December 31	<u>\$ 180,069</u>	<u>\$ 179,998</u>	<u>\$ 360,067</u>

Oak Run Township
 Madison County, Ohio
 Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
 All Governmental Fund Types
 For the Year Ended December 31, 2006

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 16,942	\$ -	\$ 16,942
Intergovernmental Receipts	20,224	88,139	108,363
Earnings on investments	4,550	2,082	6,632
Miscellaneous	2,890	-	2,890
Total Cash Receipts	<u>44,606</u>	<u>90,221</u>	<u>134,827</u>
Cash Disbursements:			
Current:			
General Government	42,857	-	42,857
Public Safety	10,863	-	10,863
Public Works	1,985	45,393	47,378
Health	275	-	275
Capital Outlay		2,000	2,000
Total Cash Disbursements	<u>55,980</u>	<u>47,393</u>	<u>103,373</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(11,374)</u>	<u>42,828</u>	<u>31,454</u>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	40,000	-	40,000
Other Financing Sources	144	-	144
Total Other Financing Receipts/(Disbursements)	<u>40,144</u>	<u>-</u>	<u>40,144</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	28,770	42,828	71,598
Fund Cash Balances, January 1	<u>175,732</u>	<u>73,391</u>	<u>249,123</u>
Fund Cash Balances, December 31	<u>\$ 204,502</u>	<u>\$ 116,219</u>	<u>\$ 320,721</u>

Oak Run Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2007 and 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Oak Run Township, Madison County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection services. The Township contracted with Central Townships Fire Department to provide fire protection through May 21, 2007. Central Townships Joint Fire District was formed and provides fire protection hence forward.

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

B Basis of Accounting

These financial statements follow the accounting basis the Auditor of the State of Ohio prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of the State of Ohio prescribes or permits.

C Cash and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1 General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2 Special Revenue Funds

These funds account for proceeds from specific sources (other than those from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Gasoline Tax Fund - This fund receives gasoline tax monies to pay for constructing, maintaining and repairing Township roads.

Oak Run Township
Madison County, Ohio

Notes to the Financial Statements
December 31, 2007 and 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1 Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2 Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3 Encumbrances

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

A summary of the 2007 and 2006 budgetary activity appears in Note 3.

F Property, Plant and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Township does not report assets for equity interests in joint ventures. Through May 21, 2007, the Township participated in a jointly governed organization - Central Townships Fire Department. In May 2007, a new organization was formed in which the Township participates called Central Townships Joint Fire District. See Note 7.

NOTE 2 EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2007</u>	<u>2006</u>
Demand Deposits	\$ 93,107	\$288,910
Certificates of Deposit	<u>266,960</u>	<u>91,811</u>
Total Deposits	<u>\$360,067</u>	<u>\$320,721</u>

Oak Run Township
Madison County, Ohio

Notes to Financial Statements
December 31, 2007 and 2006

NOTE 2 EQUITY IN POOLED CASH AND INVESTMENTS (continued)

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

NOTE 3 BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2007, follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 35,610	\$ 46,892	\$ 11,282
Special Revenue	79,710	103,259	23,549
Totals	\$ 115,320	\$ 150,151	\$ 34,831

2007 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 239,458	\$ 71,325	\$ 168,133
Special Revenue	195,099	39,480	155,619
Totals	\$ 434,557	\$ 110,805	\$ 323,752

Budgetary activity for the year ending December 31, 2006, follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 80,360	\$ 84,750	\$ 4,390
Special Revenue	64,570	90,221	25,651
Totals	\$ 144,930	\$ 174,971	\$ 30,041

Oak Run Township
Madison County, Ohio

Notes to Financial Statements
December 31, 2007 and 2006

NOTE 3 BUDGETARY ACTIVITY (continued)

2006 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Bugetary Expenditures	Variance
General	\$ 243,462	\$ 55,980	\$ 187,482
Special Revenue	136,720	47,393	89,327
Totals	\$ 380,182	\$ 103,373	\$ 276,809

NOTE 4 PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

NOTE 5 RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9.0%, respectively, of their gross salaries. The Township contributed an amount equal to 13.85% and 13.7% of participants' gross salaries for 2007 and 2006, respectively. The Township has paid all contributions required through December 31, 2007.

Oak Run Township
Madison County, Ohio

Notes to Financial Statements
December 31, 2007 and 2006

NOTE 6 RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles; and
- Errors and omissions.

NOTE 7 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATION

Central Townships Fire Department, Madison County, Ohio (the Department) was incorporated on March 26, 1969, and was a governmental not-for-profit corporation legally separate from any other entity. The Central Townships Fire Department was dissolved on May 21, 2007.

Central Townships Joint Fire District (the Fire District) was incorporated in May, 2007, and is a governmental not-for-profit corporation legally separate from any other entity. The Department is owned by four townships: Deercreek, Union, Oak Run, and Paint. The Fire District is directed by an appointed twelve-member Board of Trustees consisting of the elected Trustees from each participating township. The Fire District will receive its revenues starting in January 2008 from a levy that passed in November 2007.

Oak Run disbursed \$5,456 to the Fire District in 2007 and \$5,456 and \$10,862 to the Department in 2007 and 2006, respectively.

Further detailed financial information may be obtained by contacting the Central Townships Joint Fire Department at Central Townships Joint Fire District, Robert Dunkle, 9270 Danville Road, S.E., London, OH 43140.

The Madison Emergency Medical District (the District) provides ambulance services within the District and by contract to areas outside the District. The District is directed by an appointed six member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are the City of London, Deercreek Township, Monroe Township, Oak Run Township, Paint Township and Union Township.

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

Oak Run Township
Madison County, Ohio
8695 State Route 56 SE
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the financial statements of Oak Run Township, Madison County, Ohio (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated February 3, 2008, wherein we noted that the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audits 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 audits, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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Oak Run Township
Madison County, Ohio
Independent Accountant's Report on Internal Control over
Financial Reporting and on Compliance with Other Matters
Required by *Government Auditing Standards*

Compliance and Other Matters

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



Van Krevel & Company
Dublin, Ohio

February 3, 2008



Mary Taylor, CPA
Auditor of State

OAK RUN TOWNSHIP

MADISON 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
APRIL 17, 2008**