

**CANAAN TOWNSHIP
MORROW COUNTY, OHIO**

Audited Financial Statements

For the Years Ended December 31, 2006 and 2005



Mary Taylor, CPA

Auditor of State

Board of Trustees
Canaan Township
2209 County Road 69
Edison, Ohio 43320

We have reviewed the *Independent Auditor's Report* of Canaan Township, Morrow County, prepared by Van Krevel and Company, CPA's, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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. Canaan Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 26, 2007

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Canaan Township
Morrow County, Ohio

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INDEPENDENT AUDITOR'S REPORT

Canaan Township
Morrow County, Ohio
2209 County Road 69
Edison, Ohio 43320

To the Board of Trustees:

We have audited the accompanying financial statements of Canaan Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2006 and 2005. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 State 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 requires 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 requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State of Ohio 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 the State of Ohio 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 matters discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, 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, 2006 and 2005, 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 and reserve for encumbrances of Canaan Township, Morrow County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Canaan Township
Morrow County
Independent Auditor's Report
Page 2

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 November 2, 2007, 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

November 2, 2007

Canaan Township
Morrow 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 Funds</u> | | Totals |
|--|---------------------------|------------------------|---------------------------|
| | <u>General</u> | <u>Special Revenue</u> | Memorandum <u>Only</u> |
| Cash Receipts: | | | |
| Property and Other Local Taxes | \$ 23,918 | \$ 9,263 | \$ 33,181 |
| Licenses, Permits and Fees | 1,450 | | 1,450 |
| Intergovernmental | 335,354 | 95,845 | 431,199 |
| Earnings on Investments | 12,869 | 170 | 13,039 |
| Miscellaneous | <u>2,799</u> | _____ | <u>2,799</u> |
| Total Cash Receipts | 376,390 | 105,278 | 481,668 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 55,767 | 221 | 55,988 |
| Public Safety | | 8,667 | 8,667 |
| Public Works | 1,823 | 79,423 | 81,246 |
| Health | 9,361 | 2,965 | 12,326 |
| Capital Outlay | <u>14,534</u> | <u>13,881</u> | <u>28,415</u> |
| Total Cash Disbursements | 81,485 | 105,157 | 186,642 |
| Total Receipts Over (Under) Disbursements | 294,905 | 121 | 295,026 |
| Fund Cash Balances, January 1 | <u>54,479</u> | <u>25,871</u> | <u>80,350</u> |
| Fund Cash Balances-December 31 | <u>\$349,384</u> | <u>\$ 25,992</u> | <u>\$375,376</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 295</u> | <u>\$ 2,500</u> | <u>\$ 2,795</u> |

Canaan Township
Morrow 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, 2005

| | <u>Governmental Funds</u> | | Totals |
|--|---------------------------|------------------------|------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Memorandum Only</u> |
| Cash Receipts: | | | |
| Local Taxes | \$ 21,802 | \$ 8,829 | \$ 30,631 |
| Licenses, Permits and Fees | | 800 | 800 |
| Intergovernmental | 37,070 | 86,668 | 123,738 |
| Earnings on Investments | 1,405 | 660 | 2,065 |
| Miscellaneous | <u>2,005</u> | <u>440</u> | <u>2,445</u> |
| Total Cash Receipts | 62,282 | 97,397 | 159,679 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 53,906 | 204 | 54,110 |
| Public Safety | | 9,141 | 9,141 |
| Public Works | 226 | 101,946 | 102,172 |
| Health | <u>6,125</u> | <u>450</u> | <u>6,575</u> |
| Total Cash Disbursements | 60,257 | 111,741 | 171,998 |
| Total Receipts Over (Under) Disbursements | 2,025 | (14,344) | (12,319) |
| Fund Cash Balances, January 1 | <u>52,454</u> | <u>40,215</u> | <u>92,669</u> |
| Fund Cash Balances-December 31 | <u>\$ 54,479</u> | <u>\$ 25,871</u> | <u>\$ 80,350</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 2,814</u> | <u>\$ _____</u> | <u>\$ 2,814</u> |

Canaan Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Description of the Entity

Canaan Township, Morrow County, Ohio (the Township) is a body corporate and 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 provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of Mt. Gilead and the Iberia Volunteer Fire Co., Inc., to provide fire protection services.

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 basis of accounting prescribed or permitted by the Auditor of the State of Ohio, which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of the State of Ohio.

C Cash and 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 disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Canaan Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2006 and 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Fund Accounting (continued)

2 Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than those from 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.

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 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. Unencumbered appropriations lapse at year end.

2 Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over and need not be re-appropriated.

A summary of the 2006 and 2005 budgetary activity appears in Note 3.

F Property, Plant and Equipment

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

G Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The township has no employees other than the township trustees and fiscal officer. These employees are not eligible for or entitled to cash payments for unused leave. Unpaid leave, if applicable, is not reflected as a liability under the Township's basis of accounting.

Canaan Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2006 and 2005

NOTE 2 EQUITY IN POOLED CASH AND INVESTMENTS

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

| | <u>2006</u> | <u>2005</u> |
|--------------------------------|------------------|------------------|
| Demand Deposits | \$ 31,957 | \$ 39,563 |
| STAR Ohio | <u>343,419</u> | <u>40,787</u> |
| Total Deposits and Investments | <u>\$375,376</u> | <u>\$ 80,350</u> |

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

Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form.

NOTE 3 BUDGETARY ACTIVITY

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

2006 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|------------------|
| General | \$373,260 | \$376,390 | \$ 3,130 |
| Special Revenue | <u>90,204</u> | <u>105,278</u> | <u>15,074</u> |
| Totals | <u>\$463,464</u> | <u>\$481,668</u> | <u>\$ 18,204</u> |

2006 Budgeted vs. Actual Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|------------------|
| General | \$350,594 | \$ 81,780 | \$268,814 |
| Special Revenue | <u>114,212</u> | <u>107,657</u> | <u>6,555</u> |
| Totals | <u>\$464,806</u> | <u>\$189,437</u> | <u>\$275,369</u> |

Canaan Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2006 and 2005

NOTE 3 BUDGETARY ACTIVITY (continued)

Budgetary activity for the year ending December 31, 2005, follows:

2005 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|------------------|
| General | \$ 58,439 | \$ 62,282 | \$ 3,843 |
| Special Revenue | <u>87,506</u> | <u>97,397</u> | <u>9,891</u> |
| Totals | <u>\$145,945</u> | <u>\$159,679</u> | <u>\$ 13,734</u> |

2005 Budgeted vs. Actual Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|------------------|
| General | \$110,891 | \$ 63,071 | \$ 47,820 |
| Special Revenue | <u>127,709</u> | <u>111,741</u> | <u>15,968</u> |
| Totals | <u>\$238,600</u> | <u>\$174,812</u> | <u>\$ 63,788</u> |

NOTE 4 PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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 Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including post-retirement health care and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Canaan Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2006 and 2005

NOTE 5 RETIREMENT SYSTEM (continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, PERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equal to 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

NOTE 6 RISK MANAGEMENT

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500,000,000 per occurrence.

Beginning in 2005, Travelers reinsurance specific losses exceeding \$250,000 up to \$600,000,000 per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit. The aggregate stop loss limit for 2006 was \$1,901,127.

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

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

Canaan Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2006 and 2005

NOTE 6 RISK MANAGEMENT (continued)

Financial Position

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

| <u>Casualty Coverage</u> | <u>2006</u> | <u>2005</u> |
|--------------------------|---------------------|---------------------|
| Assets | \$32,031,312 | \$30,485,638 |
| Liabilities | (11,443,952) | (12,344,576) |
| Retained Earnings | <u>\$20,587,360</u> | <u>\$18,141,062</u> |

| <u>Property Coverage</u> | <u>2006</u> | <u>2005</u> |
|--------------------------|---------------------|---------------------|
| Assets | \$ 10,010,963 | \$ 9,177,796 |
| Liabilities | (676,709) | (1,406,031) |
| Retained Earnings | <u>\$ 9,334,254</u> | <u>\$ 7,771,765</u> |

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$4,984. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

| | |
|------|----------|
| 2005 | \$ 2,399 |
| 2006 | \$ 2,492 |

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

NOTE 7 RELATED PARTY TRANSACTIONS

The Township contracted mowing services for all Township cemeteries with a relative of one of the Trustees. Total fees paid in 2006 and 2005 were \$7,500 and \$5,625, respectively. These transactions are in accordance with required bidding procedures.

**INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Canaan Township
Morrow County, Ohio
2209 County Road 69
Edison, Ohio 43320

To the Board of Trustees:

We have audited the financial statements of Canaan Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated November 2, 2007, wherein we noted that the Township followed accounting practices the Auditor of State prescribes 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 to opine 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 the 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.

Canaan Township
Morrow County, Ohio
Report on Internal Control Over Financial Reporting and on
Compliance with Other Matters Based on an Audit of Financial Statements
Performed in accordance with *Government Auditing Standards*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contract and grant agreements, non-compliance with which could have a direct and material affect on 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 that are required to be reported under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated November 2, 2007.

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

Van Krevel & Company
Dublin, Ohio

November 2, 2007



Mary Taylor, CPA

Auditor of State

CANAAN TOWNSHIP

MORROW 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 6, 2007**