

**CLAIBOURNE TOWNSHIP**  
**COLUMBUS REGION, UNION COUNTY**  
**REPORT ON FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004 AND 2003**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Claibourne Township  
12394 Bethel-Claibourne Road  
Richwood, Ohio 43344

We have reviewed the *Independent Auditors' Report* of Claibourne Township, Union County, prepared by Holbrook & Manter for the audit period January 1, 2003 through December 31, 2004. 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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the AOS 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 Auditors' Report* also includes an opinion on the financial statements using the regulatory format the AOS 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. Claibourne Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

October 24, 2005

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Claibourne Township  
Union County

We have audited the accompanying financial statements of Claibourne Township, Union County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. 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 generally accepted auditing standards 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 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. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State of Ohio 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.

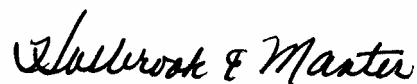
Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004, (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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 the year ended December 31, 2004 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Claibourne Township, Union County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government 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 September 16, 2005 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Certified Public Accountants

September 16, 2005

**CLAIBOURNE TOWNSHIP**  
**UNION COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES-ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	<u>Expendable Trust</u>	
<b>Cash receipts:-</b>					
Local taxes	\$ 4,225	\$ 37,690	\$ 0	\$ 0	\$ 41,915
Intergovernmental	82,412	79,119	0	0	161,531
Interest	3,838	430	0	0	4,268
Licenses, permits, and fees	3,517	8,394	0	0	11,911
Fines, forfeitures, and penalties	730	0	0	0	730
Miscellaneous	1,809	6,759	0	5,014	13,582
<b>Total cash receipts</b>	<b>96,531</b>	<b>132,392</b>	<b>0</b>	<b>5,014</b>	<b>233,937</b>
<b>Cash disbursements:-</b>					
Current:					
General Government	69,317	47,969	0	0	117,286
Public health services	4,241	150	0	0	4,391
Public works	10,037	13,462	0	0	23,499
Conservation / Recreation	500	0	0	0	500
Other	0	4,003	0	0	4,003
<b>Total cash disbursements</b>	<b>84,095</b>	<b>65,584</b>	<b>0</b>	<b>0</b>	<b>149,679</b>
<b>Total receipts over (under) cash disbursements</b>	<b>12,436</b>	<b>66,808</b>	<b>0</b>	<b>5,014</b>	<b>84,258</b>
<b>Other financing receipts:-</b>					
Other financing sources	2,355	0	0	0	2,355
<b>Total other financing receipts</b>	<b>2,355</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,355</b>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	14,791	66,808	0	5,014	86,613
Fund cash balances, January 1, 2004	159,471	191,648	3,674	4,829	359,622
<b>Fund cash balances, December 31, 2004</b>	<b>\$ 174,262</b>	<b>\$ 258,456</b>	<b>\$ 3,674</b>	<b>\$ 9,843</b>	<b>\$ 446,235</b>

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



**CLAIBOURNE TOWNSHIP**  
**UNION COUNTY**  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
 CASH BALANCES-ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	<u>Expendable Trust</u>	
<b>Cash receipts:-</b>					
Local taxes	\$ 4,182	\$ 37,364	\$ 0	\$ 0	\$ 41,546
Intergovernmental	97,603	61,943	0	0	159,546
Interest	4,212	984	0	0	5,196
Licenses, permits, and fees	650	7,238	0	0	7,888
Fines, forfeitures, and penalties	3,271	0	0	0	3,271
Miscellaneous	3,536	2,060	0	0	5,596
<b>Total cash receipts</b>	<b>113,454</b>	<b>109,589</b>	<b>0</b>	<b>0</b>	<b>223,043</b>
<b>Cash disbursements:-</b>					
Current:					
General Government	60,636	40,784	0	0	101,420
Conservation / Recreation	2,000	0	0	0	2,000
Public health services	2,852	150	0	0	3,002
Public works	1,948	75,057	0	0	77,005
Public safety	4,631	0	0	0	4,631
Other	0	3,252	0	0	3,252
<b>Total cash disbursements</b>	<b>72,067</b>	<b>119,243</b>	<b>0</b>	<b>0</b>	<b>191,310</b>
<b>Total receipts over (under) cash disbursements</b>	<b>41,387</b>	<b>( 9,654)</b>	<b>0</b>	<b>0</b>	<b>31,733</b>
<b>Other financing receipts:-</b>					
Other financing sources	2,355	0	0	0	2,355
Total other financing receipts	2,355	0	0	0	2,355
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	43,742	( 9,654)	0	0	34,088
Fund cash balances, January 1, 2003	115,729	201,302	3,674	4,829	325,534
<b>Fund cash balances, December 31, 2003</b>	<b>\$ 159,471</b>	<b>\$ 191,648</b>	<b>\$ 3,674</b>	<b>\$ 4,829</b>	<b>\$ 359,622</b>

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

**CLAIBOURNE TOWNSHIP**  
**UNION COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-**

**Description of the Entity** - Claibourne Township, Union County, (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 three publicly - elected Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services.

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

**Basis of Accounting** - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash 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 State of Ohio.

**Cash and Investments** - Investments are not reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not reported as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of Deposit are valued at cost.

**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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

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

*Road and Bridge Fund*

This fund receives property tax money for constructing, maintaining, and repairing Township roads

*Gasoline Tax Fund*

This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

*Cemetery Fund*

This fund receives tax money for maintaining Township cemeteries.

*Motor Vehicle License Tax Fund*

This fund receives motor vehicle tax money for constructing, maintaining, and repairing Township roads.

**Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Funds:

**CLAIBOURNE TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (continued)

*Cemetery Mausoleum Expendable Trust Fund*

This fund receives interest from bequests for maintaining Township mausoleums.

*Cemetery Bequest Non-Expendable Trust Fund*

This fund receives bequests and interest from bequests for maintaining Township cemeteries.

**Budgetary Process** - The Ohio Revised Code requires that each fund be budgeted annually.

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 Union County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

Estimated Resources

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

Encumbrances

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**Property, Plant and Equipment** - Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**NOTE 2 - EQUITY IN POOLED CASH:**

The Township maintains a cash 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:

	<b>2004</b>	<b>2003</b>
Demand Deposits	\$ 269,519	\$ 180,706
Certificates of Deposit	176,716	178,916
Total Deposits	\$ 446,235	\$ 359,622

**Deposits** - The Township's deposits are insured by the Federal Depository Insurance Corporation up to \$100,000. As of December 31, 2004 and 2003, deposits over \$100,000 were collateralized by securities specifically held by a financial institution.

**CLAIBOURNE TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 2004 was as follows:

**2004 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 43,600	\$ 98,886	\$ 55,286
Special Revenue	93,312	132,392	39,080
Expendable Trust	100	0	( 100)
Non-Expendable Trust	<u>100</u>	<u>5,014</u>	<u>4,914</u>
<b>Total</b>	<b>\$ <u>137,112</u></b>	<b>\$ <u>236,292</u></b>	<b>\$ <u>99,180</u></b>

**2004 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 203,000	\$ 84,095	\$ 118,905
Special Revenue	254,000	65,584	188,416
Expendable Trust	0	0	0
Non-Expendable Trust	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$ <u>457,000</u></b>	<b>\$ <u>149,679</u></b>	<b>\$ <u>307,321</u></b>

**CLAIBOURNE TOWNSHIP  
UNION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 2003 was as follows:

**2003 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 46,200	\$ 115,809	\$ 69,609
Special Revenue	100,335	109,589	9,254
Expendable Trust	150	0	( 150)
Non-Expendable Trust	<u>150</u>	<u>0</u>	<u>( 150)</u>
<b>Total</b>	<b>\$ <u>146,835</u></b>	<b>\$ <u>225,398</u></b>	<b>\$ <u>78,563</u></b>

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 171,300	\$ 72,067	\$ 99,233
Special Revenue	264,800	119,243	145,557
Expendable Trust	0	0	0
Non-Expendable Trust	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$ <u>436,100</u></b>	<b>\$ <u>191,310</u></b>	<b>\$ <u>244,790</u></b>

**CLAIBOURNE TOWNSHIP**  
**UNION COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003

**NOTE 4 - PROPERTY TAX:-**

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 Union County by December 31. If the property owner elects to make semiannual payments, 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 Union County by each April 30.

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

**NOTE 5 - RETIREMENT SYSTEMS:-**

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 healthcare, and survivor and disability benefits to participants, as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2004. The Township has paid all contributions required through December 31, 2004.

**NOTE 6 - RISK POOL MANAGEMENT:-**

*Commercial Insurance*

The Township has obtained commercial insurance for the following risks:

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



**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***

Board of Trustees  
Claibourne Township  
Union County

We have audited the accompanying financial statements of Claibourne Township, Union County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 16, 2005, wherein we noted 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. In a separate letter to the Township's management dated September 16, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its' compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In a separate letter to the Township's management dated September 16, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intended this report solely for the information and use of the management and Township Trustees. It is not intended for anyone other than these specified parties.

*Holbrook & Manter*

Certified Public Accountants

September 16, 2005







**Auditor of State  
Betty Montgomery**

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**CLAIRBOURNE TOWNSHIP**

**UNION COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 10, 2005**