



CLINTON TOWNSHIP, VINTON COUNTY

Regular Audit

For the Years Ended December 31, 2008 and 2007

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA

Auditor of State

Board of Trustees
Clinton Township
P.O. Box 44
Hamden, Ohio 45634

We have reviewed the *Independent Auditor's Report* of Clinton Township, Vinton County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. 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. Clinton Township is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

August 13, 2009

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CLINTON TOWNSHIP, VINTON COUNTY
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Independent Auditor's Report

Board of Trustees
Clinton Township, Vinton County
P.O. Box 548
Hamden, OH 45634

We have audited the accompanying financial statements of Clinton Township (the Township), Vinton County as of and for the years ended December 31, 2008 and 2007. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Township 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements presents for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State 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 years ended December 31, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

Board of Trustees
Clinton Township, Vinton County
Independent Auditor's Report

Also, in our opinion, the financial statements referred to in the first paragraph above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. 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 a report dated June 26, 2009 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 grants. While we do 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* and should be read in conjunction with this report when considering the results of our audit.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

June 26, 2009

CLINTON TOWNSHIP, VINTON COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2008

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Local Taxes	\$13,948	\$58,392	\$72,340
Intergovernmental	29,847	98,459	128,306
Charges for Services	0	200	200
Licenses, Permits, and Fees	0	10	10
Earnings on Investments	212	96	308
Other Revenue	776	3,642	4,418
Total Cash Receipts	44,783	160,799	205,582
<u>Cash Disbursements:</u>			
<i>Current:</i>			
General Government	17,383	2,864	20,247
Conservation and Recreation	3,133	0	3,133
Public Safety	0	6,150	6,150
Public Works	0	94,191	94,191
Health	0	36,376	36,376
Other	0	337	337
<i>Debt Service:</i>			
Redemption of Principal	0	3,723	3,723
Capital Outlay	5,000	24,351	29,351
Total Cash Disbursements	25,516	167,992	193,508
Total Cash Receipts Over/(Under) Cash Disbursements	19,267	(7,193)	12,074
<u>Other Financing Sources:</u>			
Proceeds of Notes	0	21,000	21,000
Total Other Financing Sources	0	21,000	21,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	19,267	13,807	33,074
Fund Cash Balances, January 1	7,259	35,931	43,190
Fund Cash Balances, December 31	\$26,526	\$49,738	\$76,264

See accompanying notes to the financial statements.

CLINTON TOWNSHIP, VINTON COUNTY
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>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Local Taxes	\$7,719	\$57,318	\$65,037
Intergovernmental	16,539	111,658	128,197
Charges for Services	0	128	128
Earnings on Investments	72	205	277
Other Revenue	2,221	3,318	5,539
Total Cash Receipts	<u>26,551</u>	<u>172,627</u>	<u>199,178</u>
<u>Cash Disbursements:</u>			
<i>Current:</i>			
General Government	18,515	0	18,515
Conservation and Recreation	2,038	0	2,038
Public Safety	0	6,554	6,554
Public Works	0	132,985	132,985
Health	0	21,639	21,639
Other	0	1,720	1,720
<i>Debt Service:</i>			
Redemption of Principal	0	3,723	3,723
Capital Outlay	0	2,000	2,000
Total Cash Disbursements	<u>20,553</u>	<u>168,621</u>	<u>189,174</u>
Total Cash Receipts Over/(Under) Cash Disbursements	5,998	4,006	10,004
Fund Cash Balances, January 1	<u>1,261</u>	<u>31,925</u>	<u>33,186</u>
Fund Cash Balances, December 31	<u><u>\$7,259</u></u>	<u><u>\$35,931</u></u>	<u><u>\$43,190</u></u>

See accompanying notes to the financial statements.

CLINTON TOWNSHIP, VINTON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 1 – Reporting Entity

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

The Township provides general government services, maintenance of Township roads and bridges, and maintenance of cemeteries. The Township contracts with Hamden and Dundas fire departments to provide fire services.

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

Basis of Accounting

The Township's financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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 contracted to be restricted.

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

Gasoline Tax Fund – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state, and used for the repair and maintenance of Township roads.

Road and Bridge Fund – This fund receives personal property tax money for maintaining and repairing Township roads and bridges.

Cemetery Fund – This fund receives property tax money for maintaining Township cemeteries.

CLINTON TOWNSHIP, VINTON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies - (continued)

Budgetary Process

The Ohio Revised Code requires that each Township 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 Vinton 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 Vinton County Budget Commission must also certify estimated resources.

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

A summary of 2008 and 2007 budgetary activity appears in Note 4.

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

Note 3 – Cash and Investments

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Township had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2008	December 31, 2007
Demand Deposits	<u>\$76,264</u>	<u>\$43,190</u>

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

CLINTON TOWNSHIP, VINTON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 4 – Budgetary Basis of Accounting

The Township’s budgetary activity for the years ending December 31, 2008 and December 31, 2007 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$19,229	\$44,783	\$25,554
Special Revenue	149,001	181,799	32,798
<i>Total</i>	<u>\$168,230</u>	<u>\$226,582</u>	<u>\$58,352</u>

2008 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$21,488	\$25,516	(\$4,028)
Special Revenue	187,162	167,992	19,170
<i>Total</i>	<u>\$208,650</u>	<u>\$193,508</u>	<u>\$15,142</u>

Expenditures exceed appropriations in the General Fund, contrary to ORC Section 5705.41(B).

2007 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$22,172	\$26,551	\$4,379
Special Revenue	147,937	172,627	24,690
<i>Total</i>	<u>\$170,109</u>	<u>\$199,178</u>	<u>\$29,069</u>

CLINTON TOWNSHIP, VINTON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 4 – Budgetary Basis of Accounting - (continued)

2007 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$24,315	\$20,553	\$3,762
Special Revenue	189,731	168,621	21,110
<i>Total</i>	\$214,046	\$189,174	\$24,872

Note 5- Debt

Debt outstanding at December 31, 2008 was as follows:

Description of Issue	Issue Date	Interest Rate	Principal Balance 12-31-07	Issued in 2008	Retired in 2008	Principal Balance 12-31-08	Due in One Year
Tractor	2004	0%	\$3,723	\$0	\$3,723	\$0	\$0
Dump Truck	2008	4.25%	0	21,000	0	21,000	3,858
			\$3,723	\$21,000	\$3,723	\$21,000	\$3,858

Debt outstanding at December 31, 2007 was as follows:

Description of Issue	Issue Date	Interest Rate	Principal Balance 12-31-06	Issued in 2007	Retired In 2007	Principal Balance 12-31-07
Tractor	2004	0%	7,446	0	3,723	3,723
			\$7,446	\$0	\$3,723	\$3,723

The Township obtained a note in the amount of \$16,300 to purchase a Tractor in 2004. The note was repaid in annual installments of \$3,723.

The Township obtained a note in the amount of \$21,000 to purchase a Dump Truck in 2008. The note will be repaid in annual installments of \$4,750 for principal and any interest accrued on the outstanding balance at 4.25%.

CLINTON TOWNSHIP, VINTON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 5 – Debt - (continued)

Amortization of the above debt is as follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$3,858	\$8,921	\$4,750
2010	4,022	728	4,750
2011	4,193	557	4,750
2012	4,371	379	4,750
2013	4,556	194	4,750
Total	<u>\$21,000</u>	<u>\$2,749</u>	<u>\$23,749</u>

Note 6 – Property Taxes

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by 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, and 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 to the County by April 30.

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

The full tax rate for all Township operations for the years ended December 31, 2008 and 2007 was 7.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 and 2007 property tax receipts were based are as follows:

	<u>2008</u>	<u>2007</u>
Real Property		
Residential & Agricultural	\$10,244,100	\$10,159,980
Commercial/Industrial/Mineral	1,391,530	1,390,960
Tangible Personal Property	9,690	1,346,330
Public Utility	<u>1,579,680</u>	<u>1,607,820</u>
Total Assessed Value	<u>\$13,225,000</u>	<u>\$14,505,090</u>

CLINTON TOWNSHIP, VINTON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 7 – Risk Management

Risk Pool Membership

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 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 or \$3,000,000 as noted above.

Property Coverage

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 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 in 2006 or \$100,000 and \$300,000 in 2007. Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with the generally accepted accounting principles, and reported the following assets, liabilities and retained earning at December 31, 2007 and 2006 (latest information available):

<u>Combined Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained Earnings	<u>\$29,852,866</u>	<u>\$29,921,614</u>

CLINTON TOWNSHIP, VINTON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 7 – Risk Management - (continued)

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$11.6 million and \$10.8 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, 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 \$8,850. 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.

The Township's required contributions to OTARMA for the years ended December 31, 2008 and 2007 were \$3,102 and \$3,017, respectively. During 2006, the Township was insured through the Ohio Government Risk Management Plan.

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

Note 8 – Retirement Systems

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

CLINTON TOWNSHIP, VINTON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 8 – Retirement Systems - (continued)

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

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Township's contribution rate for pension benefits for 2008 was 7.00 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 14.0 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.75 percent. The Township's contribution rate for pension benefits for 2007 was 7.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.85 percent of covered payroll. 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, 2008, 2007, and 2006 were \$3,467, \$4,351, \$6,415 respectively. The full amount has been contributed for 2008, 2007, and 2006.

Note 9 - Postemployment Benefits

A. 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 2008 local government employer contribution rate was 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement); 7 percent of covered payroll was the portion that was used to fund health care. The 2007 local government employer contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement); 6 percent of covered payroll was the portion that was used to fund health care.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

CLINTON TOWNSHIP, VINTON COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 9 - Postemployment Benefits - (continued)

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, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.5 and 4 percent annually for the next seven years and 4 percent annually after eight years.

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 for 2008 and 2007 were 363,503 and 364,076 respectively. The actual employer contributions for 2008 and 2007 which were used to fund postemployment benefits were \$3,467 and \$2,094, respectively. The actual value of OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) was \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 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.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards**

Board of Trustees
Clinton Township, Vinton County
P. O. Box 548
Hamden, OH 45634

We have audited the accompanying financial statement of Clinton Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 26, 2009, 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 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 of America.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2008-001.

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.

Board of Trustees
Clinton Township, Vinton County
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards

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. However, the significant deficiency in internal control over financial reporting described above, we consider to be a material weaknesses, as defined above.

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, 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, which are described in the accompanying Schedule of Findings as items 2008-001 and 2008-002.

We noted a certain matter that we reported to the Township's management in a separate letter dated June 26, 2009.

The Township's response to the finding identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

June 26, 2009

CLINTON TOWNSHIP, VINTON COUNTY
Schedule of Findings
For the Years Ended December 31, 2008 and 2007

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2008-001

Financial Record Keeping - Significant Deficiency/Material Weakness/Material Noncompliance

Ohio Administrative Code (OAC) Section 117-2-02(A) directs all public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, and analyze, classify, record, and report its transactions, maintain accountability for the related assets, and prepare financial statements required by Rule 117-2-03 of the OAC. OAC Section 117-2-02(D) allows the records to be maintained manually or in a computerized format and requires the following: (1) Cash journal with the amount, date, receipt number, check number, account code, and any other information necessary to properly classify the transaction; (2) Receipts ledger to assemble and classify receipts into separate accounts for each type of receipt of each fund consisting of the amount, date, name of the payer, purpose, receipt number, and other information necessary to record the transaction on this ledger, and; (3) Appropriation ledger to assemble and classify disbursements into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, date, fund, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations, and any other information required may be entered in the appropriate columns.

The Fiscal Officer incorrectly posted street paving costs as debt principal payments in the Road and Bridge Special Revenue Fund in 2007. This did not allow the Fiscal Officer to accurately reflect the disbursement transactions of the Special Revenue Funds.

The proceeds of the sale of notes and the subsequent capital outlay for the purchase of a dump truck in 2008 were not recorded in the Road and Bridge Special Revenue Fund. This did not allow the fiscal officer to accurately reflect the receipt and disbursement transactions of the Special Revenue Funds.

The fact that the posting errors occurred, resulting in adjustment and reclassification entries, indicates a significant deficiency in the internal controls over financial record keeping and reporting and resulted in the inaccurate reflection of the receipts and disbursements of the Township for both 2008 and 2007.

We recommend the Fiscal Officer review the requirements of OAC Section 117-2-02 and the description of the accounts and maintain the receipts and disbursement ledgers in the manner prescribed therein.

Official Response

After review of the reclassification entry, I agree that the disbursement was incorrectly recorded. The Township will carefully review the disbursement postings to help ensure this does not happen in the future.

CLINTON TOWNSHIP, VINTON COUNTY
Schedule of Findings
For the Years Ended December 31, 2008 and 2007

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2008-002

Expenditures in excess of Appropriations - Material Noncompliance

Ohio Revised Code Section 5705.41(B), in summary states that no taxing authority shall expend money unless it has been appropriated. During 2008, disbursements in the Township's General Fund exceeded appropriations by \$4,028.

We recommend the Township monitor appropriations and disbursements to ensure that appropriations are sufficient at all times during the year.

Official Response

The Fiscal Officer will carefully monitor disbursements compared to appropriations to help ensure this does not happen in the future.



Mary Taylor, CPA
Auditor of State

CLINTON TOWNSHIP

VINTON 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
AUGUST 25, 2009