

CLAIBOURNE TOWNSHIP
UNION COUNTY, OHIO

FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Claibourne Township
30498 State Route 37
Richwood, Ohio 43344

We have reviewed the *Independent Auditors' Report* of Claibourne Township, Union County, prepared by Wolf, Rogers, Dickey & Co., 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 Auditors' 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 Auditors' 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. Claibourne 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

September 2, 2009

This Page is Intentionally Left Blank.

Claibourne Township
Union County, Ohio

For the Years Ended
December 31, 2008 and 2007

Table of Contents

Independent Auditors' Report	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2008	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2007	4
Notes to the Financial Statements	5-10
Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11-12
Schedule of Findings	13-15

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Union, Ohio 43015-0352

Telephone: 740-362-9031
Fax: 740-363-7799

Independent Auditors' Report

Claibourne Township
Union County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Claibourne Township, Union County, Ohio (the Township), 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 opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit 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 that our audit provides 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 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State 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 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 their 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 reserves for encumbrances of Claribourne Township, Union County, Ohio as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 5, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

June 5, 2009

**Claibourne Township
Union 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, 2008**

	<u>Governmental Funds</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 8,525	38,334	46,859
Intergovernmental	33,805	96,220	130,025
Licenses, permits and fees	160	11,310	11,470
Earnings on investments	4,679	408	5,087
Fines and forfeitures	3,612	-	3,612
Other	<u>1,310</u>	<u>4,300</u>	<u>5,610</u>
Total cash receipts	52,091	150,572	202,663
Cash disbursements:			
Current:			
General government	68,614	36,396	105,010
Public safety	27,000	-	27,000
Public works	-	51,357	51,357
Health	13,295	2,893	16,188
Conservation/Recreation	765	-	765
Other	<u>-</u>	<u>1,327</u>	<u>1,327</u>
Total cash disbursements	<u>109,674</u>	<u>91,973</u>	<u>201,647</u>
Total receipts over (under) disbursements	(57,583)	58,599	1,016
Other financing receipts (disbursements) -			
Other financing uses	<u>-</u>	<u>(72)</u>	<u>(72)</u>
Excess of receipts over (under) disbursements	(57,583)	58,527	944
Fund cash balances, January 1	<u>83,991</u>	<u>293,386</u>	<u>377,377</u>
Fund cash balances, December 31	\$ <u>26,408</u>	<u>351,913</u>	<u>378,321</u>

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

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

	<u>Governmental Funds</u>		Totals
	<u>General</u>	Special <u>Revenue</u>	(Memorandum <u>Only</u>)
Cash receipts:			
Local taxes	\$ 9,044	39,107	48,151
Intergovernmental	37,690	95,055	132,745
License, permits and fees	400	10,360	10,760
Earnings on investments	7,752	1,226	8,978
Fines and forfeitures	9,466	-	9,466
Other	<u>2,020</u>	<u>8,923</u>	<u>10,943</u>
Total cash receipts	66,372	154,671	221,043
Cash disbursements:			
Current:			
General government	56,997	59,679	116,676
Public safety	12,492	-	12,492
Public works	-	64,433	64,433
Health	23,337	12,794	36,131
Conservation/recreation	1,125	-	1,125
Other	<u>-</u>	<u>4,373</u>	<u>4,373</u>
Total cash disbursements	<u>93,951</u>	<u>141,279</u>	<u>235,230</u>
Total receipts over (under) disbursements	(27,579)	13,392	(14,187)
Fund cash balances, January 1	<u>111,570</u>	<u>279,994</u>	<u>391,564</u>
Fund cash balances, December 31	\$ <u>83,991</u>	<u>293,386</u>	<u>377,377</u>
Reserve for encumbrances	\$ <u>5,346</u>	<u>-</u>	<u>5,346</u>

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

**Claibourne Township
Union County, Ohio
Notes to the Financial Statements
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies

Description of the Entity

Claibourne Township, Union 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 road and bridge maintenance and zoning operations. The Northern Union County Fire District provides fire and emergency medical services to the Township. In addition to routine police protection provided by the Union County Sheriff's Office, the Township also contracts, along with Jackson and Dover Townships, for dedicated deputies that patrol exclusively in the Townships.

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 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 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.

Money market mutual funds are recorded at share values the mutual funds report.

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 to be accounted for in another fund.

**Claibourne Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

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:

Motor Vehicle License – This fund receives vehicle registration tax money.

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

Special Levy Fund (Fire) – This fund receives fire levy tax money for the funding of fire and EMS services provided to the residents of the Township.

Special Levy Fund (Police services) – This fund receives police services levy tax money for the funding of additional law enforcement services provided to the Township by the Union County Sheriff's Office.

Budgetary Process

The Ohio Revised Code requires each fund to 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 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 County Budget Commission must also approve estimated resources.

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 2008 and 2007 budgetary activity appears in Note 3.

Claibourne Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007

(1) Summary of Significant Accounting Policies, continued

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.

(2) Equity in Pooled Cash and Investments

The Township maintains a cash and investment 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>2008</u>	<u>2007</u>
Demand deposits	\$ 248,321	267,377
Certificates of deposit	<u>130,000</u>	<u>110,000</u>
Total deposits and investments	\$ <u>378,321</u>	<u>377,377</u>

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

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 146,275	52,091	(94,184)
Special Revenue	<u>274,752</u>	<u>150,572</u>	<u>(124,180)</u>
Total	\$ <u>421,027</u>	<u>202,663</u>	<u>(218,364)</u>

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 146,275	109,674	36,601
Special Revenue	<u>234,100</u>	<u>92,045</u>	<u>142,055</u>
Total	\$ <u>380,375</u>	<u>201,719</u>	<u>178,656</u>

**Claibourne Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(3) Budgetary Activity, continued

<u>Fund Type</u>	<u>2007 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$ 67,410	66,372	(1,038)
Special Revenue	<u>140,306</u>	<u>154,671</u>	<u>14,365</u>
Total	\$ <u>207,716</u>	<u>221,043</u>	<u>13,327</u>

<u>Fund Type</u>	<u>2007 Budgeted vs. Actual Budgetary Basis Expenditures</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	
General	\$ 140,000	93,951	46,049
Special Revenue	<u>215,050</u>	<u>141,279</u>	<u>73,771</u>
Total	\$ <u>355,050</u>	<u>235,230</u>	<u>119,820</u>

(4) Property Tax

Real property taxes become a lien on January 1 preceding 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 of Ohio, 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 semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property is assessed by the property owners, who must file a list of such property to the 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.

(5) Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement 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 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively of their gross salaries. The Township

**Claibourne Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(5) Retirement Systems (continued)

contributed an amount equal to 14% and 13.85%, respectively of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

(6) Risk Management

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except the Plan retains the lesser of 15 percent or \$37,500 of casualty losses and the lesser of 10 percent or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$ 11,136,455	9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Member's equity	\$ <u>6,862,902</u>	<u>6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**Claibourne Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2008 and 2007**

(7) Commitments

Pursuant to a three year contract that commenced on January 1, 2007 between the Union County Sheriff and Jackson, Dover and Claibourne Townships, the sheriff provides one full-time deputy with a normal work week totaling 40 hours exclusively to the Townships to supplement existing law enforcement coverage. The sheriff assumes full responsibility for hiring, training, assignment, supervision, discipline and dismissal of all assigned personnel and the Townships pay the actual cost of compensating the officers' salary, overtime, OPERS benefits, workers compensation, Medicare and medical and life insurance. The sheriff bills the Townships in quarterly installments with Claibourne Township paying 33% of the cost and Dover and Jackson Townships paying 40% and 27% of the cost, respectively. The Township paid \$12,492 and \$27,000 pursuant to this contract in 2008 and 2007, respectively. The amount that will be due for 2009 is undetermined at this time.

(8) Compliance

Contrary to Ohio law:

- In 2008 and 2007 adequate bond coverage for the fiscal officer was not maintained. Ohio Revised Code (ORC) Section 507.03 required a bond of \$135,000 in 2008 and \$110,000 in 2007, based on the Township's budget. The bond coverage in effect was \$60,000 and \$10,000, respectively.
- Adequate bond coverage for the two of the Trustees for 2007 and all the Trustees for 2008 was not maintained. ORC Section 505.02 requires a minimum bond amount for Trustees of \$1,000.
- Funds were not encumbered for three of the twenty three disbursements tested.
- As required by ORC Section 5705.36 a reduced amended certificate was not obtained from the budget commission when actual receipts to be collected fell short of estimates for 2008. Available resources were below the current level of appropriation.
- The Township has not adopted a public records policy in accordance with ORC Section 149.43 as revised by House Bill 9, 127th General Assembly effective March 29, 2007.
- The Township did not encumber \$5,346 for a contract that extended beyond the end of the 2007 year end. ORC Section 5705.44 requires such encumbrance and the Township financial statements were adjusted to reflect the encumbrances.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants
38 South Franklin Street
P. O. Box 352
Union, Ohio 43015-0352

Telephone: 740-362-9031
Fax: 740-363-7799

**Independent Auditors' 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***

Claibourne Township
Union County, Ohio

To the Board of Trustees:

We have audited the financial statements of Claibourne Township, Union County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 5, 2009, wherein we noted the Township followed accounting practices the Auditor of State of Ohio 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.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects 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 considered Findings 2008-05 and 2008-06 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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

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 deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

In a separate letter to Township's management dated June 5, 2009, we reported other matters involving internal controls over financial reporting we did not deem significant deficiencies.

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 such an opinion. The results of our tests disclosed five instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as Findings 2008-01 through 2008-05.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated June 5, 2009.

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

June 5, 2009

**Claibourne Township
Union County, Ohio
Schedule of Findings
December 31, 2008 and 2007**

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

Finding Number 2008-01

Recent changes to ORC Section 149.43 require that public offices update public records policies. Specifically, by September 29, 2007, all public offices were required to adopt a public records policy that described how the public office will be responding to public records requests. The section also details three specific items that may not be included in the public records policy. Once adopted, the public office is required to post the policy via a poster in certain locations and include it in the entity's employee manual. To date, the Township has not adopted the required public records policy.

Response by Township

No response received.

Finding Number 2008-02

Ohio Revised Code (ORC) Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the Fiscal Officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. During our testing of disbursements, we noted that funds were not encumbered prior to expenditure for three of the twenty-three disbursements tested.

Response by Township

No response received.

**Claibourne Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2008 and 2007**

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

Finding Number 2008-03

Ohio Revised Code (ORC) Section 507.03 prescribes minimum bond requirements for the fiscal officer for terms beginning after November 5, 2005 based on the annual budget of the Township. The Township's budget according to the official certificate of estimated resources for 2008 was \$798,404 which would require a minimum bond of \$135,000 for the fiscal officer. The fiscal officer's bond coverage in effect for 2008 was \$60,000. For 2007 the official certificate of estimated resources was \$596,020 which would require a minimum bond of \$110,000. The Fiscal Officer's bond coverage in effect for 2007 was \$10,000.

Ohio Revised Code Section 505.02 requires a minimum bond amount for Trustees of \$1,000 and is not tied to the budget of the Township. The Township did not maintain bond coverage in 2007 for two of the Trustees and did not maintain bond coverage for any of the Trustees in 2008.

Response by Township

No response received.

Finding Number 2008-04

ORC Section 5705.44 states that for contracts extending beyond the fiscal year end, the Fiscal Officer of the taxing authority shall make a certification for the amount required to meet the obligation of such contract maturing in a subsequent fiscal year. The amount of the unfilled obligation under such contract shall be included in the annual appropriation measure for the next year as a fixed charge. During our search for unrecorded liabilities we identified one contract payment for \$5,346 extending beyond the 2007 year end that was not encumbered. This encumbrance is reflected in the audited financial statements.

Response by Township

No response received.

**Claibourne Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2008 and 2007**

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

Finding Number 2008-05
Significant Deficiency

ORC Section 5705.36 requires the Township to certify available revenue by fund for the coming year on or about January 1. On this certification, the Township reports actual unencumbered cash balances by fund at the end of the previous year and expected revenues for the coming year by fund to arrive at estimated total revenues available for expenditure. The County Budget Commission provides the Official Certificate of Estimated Revenues to the Township based on the amounts reported by the Township. Estimated revenues expected to be received during the year and reported to the County Budget Commission should be entered into the Uniform Accounting Network (UAN) program as estimated receipts. Although the certification was filed in a timely manner each year, the estimated receipts in the UAN system did not agree to the certificate of estimated resources for the road and bridge fund in 2007 and for the motor vehicle, gasoline tax, road and bridges and cemetery funds in 2008.

ORC Section 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. The Ohio Administrative Code Section 117-2-02©(1) states in part: all local public offices should integrate the budgetary accounts into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

Having budgetary information in UAN that does not agree to the official budgetary documents limits the Township's ability to monitor budget versus actual and recognize when an amended certificate might be necessary.

Response by Township

No response received.

Finding Number 2008-06
Significant Deficiency

For 2007 and 2008 all disbursements to the Union County Sheriff for the public safety officer contract were classified as "General Government", but should have been classified as "Public Safety". Total expenditure reclassifications made in the audited financial statements were \$12,492 and \$27,000 for 2007 and 2008, respectively.

Response by Township

No response received.



Mary Taylor, CPA
Auditor of State

CLAIBOURNE 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
SEPTEMBER 17, 2009**