



**CLARIDON TOWNSHIP
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006



Mary Taylor, CPA
Auditor of State

**CLARIDON TOWNSHIP
GEAUGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis – For the Year Ended December 31, 2007	3
Basic Financial Statements – 2007	
Government-wide Financial Statements – December 31, 2007:	
Statement of Net Assets – Cash Basis – December 31, 2007	9
Statement of Activities – Cash Basis – December 31, 2007	10
Fund Financial Statements – December 31, 2007:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds – December 31, 2007.....	11
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – December 31, 2007	12
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual (Budget Basis) – General Fund – December 31, 2007	13
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual (Budget Basis) – Gasoline Fund – December 31, 2007.....	14
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual (Budget Basis) – Road and Bridge Fund – December 31, 2007.....	15
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual (Budget Basis) – Fire Levy Fund – December 31, 2007	16
Notes to the Basic Financial Statements – December 31, 2007	17
Management's Discussion and Analysis – For the Year Ended December 31, 2006	27
Basic Financial Statements – 2006	
Government-wide Financial Statements – December 31, 2006:	
Statement of Net Assets – Cash Basis – December 31, 2006	33
Statement of Activities – Cash Basis – December 31, 2006	34
Fund Financial Statements – December 31, 2006:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds – December 31, 2006.....	35
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – December 31, 2006	36

CLARIDON TOWNSHIP
GEAUGA COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual (Budget Basis) – General Fund – December 31, 2006	37
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual (Budget Basis) – Gasoline Fund – December 31, 2006.....	38
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual (Budget Basis) – Road and Bridge Fund – December 31, 2006.....	39
Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual (Budget Basis) – Fire Levy Fund – December 31, 2006	40
Notes to the Basic Financial Statements – December 31, 2006	41
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	51



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Claridon Township
Geauga County
13932 Mayfield Road
P.O. Box 66
East Claridon, Ohio 44033

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Claridon Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Claridon Township, Geauga County, Ohio, as of December 31, 2007 and December 31, 2006 and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, and Levy Fire funds for 2007 and 2006 thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

March 19, 2008

CLARIDON TOWNSHIP
GEAUGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

This discussion and analysis of Claridon Township, Geauga County, Ohio, (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$140,338, or 21.1 percent. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest increase in 2007.

The Township's general receipts are primarily property tax and grants and entitlement receipts. These receipts represent respectfully 43.1 and 19.3 percent of the total cash received for governmental activities during the year. Property taxes and grants and entitlement receipts for 2007 increased 10.6 percent compared to 2006.

Projects for 2007 included asphalt paving of two roads. Forest Road was paved with help from an OPWC Issue 2 grant. OPWC paid \$93,750 and the Township's share was \$39,486. This allowed the Township to pave Claridon Park Drive with Township funds totaling \$67,171. A new truck was also purchased for the road department. All funds came from Motor Vehicle License Tax, Gasoline Tax, and Road & Bridge Funds. Funds have been accumulating for several years for the projects.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we express the Township's activities as the following:

Governmental Activities. As of this time all the Township's basic services are reported here, including police, fire, cemeteries, roads, zoning and parks. Property taxes and grants and entitlements finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are governmental funds.

Governmental Funds – Currently all of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, OPWC – Issue 2 Fund, and Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide

CLARIDON TOWNSHIP
 GEAUGA COUNTY
 Management's Discussion and Analysis
 For the Year Ended December 31, 2007
 Unaudited

statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2007	2006
Assets		
Equity in Pooled Cash and Cash Equivalents	\$804,730	\$664,392
Total Assets	\$804,730	\$664,392
Net Assets		
Restricted for:		
Debt Service	\$43	\$43
Other Purposes	545,387	554,273
Unrestricted	259,300	110,076
Total Net Assets	\$804,730	\$664,392

As mentioned previously, net assets of governmental activities increased \$ 140,338 or 21.1 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- The Township continues to have only two maintenance employees cutting the expenditures of the road funds.
- Fire contracts increased in 2007. However, the Township has had a significant carryover for years in anticipation of contracts increasing.
- Watchful expenditures and a conscious savings program help provide funds necessary for upcoming years.

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities for the Township.

CLARIDON TOWNSHIP
 GEAUGA COUNTY
 Management's Discussion and Analysis
 For the Year Ended December 31, 2007
 Unaudited

	<u>2007</u>	<u>2006</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$19,600	\$25,790
Operating Grants and Contributions	94,531	96,092
Capital Grants and Contributions	93,750	
Total Program Receipts	<u>207,881</u>	<u>121,882</u>
General Receipts:		
Property and Other Local Taxes	447,354	451,014
Grants and Entitlements Not Restricted to Specific Programs	200,500	134,930
Interest	28,945	22,529
Sale of fixed assets	57,000	0
Cable Franchise Fees	7,732	0
Miscellaneous	87,935	60,447
Total General Receipts	<u>829,466</u>	<u>668,920</u>
Total Receipts	<u>1,037,347</u>	<u>790,802</u>
Disbursements:		
General Government	156,851	147,542
Public Safety	204,455	205,888
Public Works	373,365	250,078
Health	15,275	23,125
Conservation-Recreation	14,289	33,454
Capital Outlay	132,774	26,204
Total Disbursements	<u>897,009</u>	<u>686,291</u>
Increase (Decrease) in Net Assets	140,338	104,511
Net Assets, January 1, 2006	<u>664,392</u>	<u>559,881</u>
Net Assets, December 31, 2006	<u>\$804,730</u>	<u>\$664,392</u>

Program receipts represent only 20 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gasoline tax money; and town hall rental, zoning and cemetery fees.

General receipts represent 80 percent of the Township's total receipts, and of this amount, 53.9 percent are property taxes. Grants and entitlements make up the balance of the Township's general receipts (24.2 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include most of the costs of the elected Township Officials and Secretary, state and local auditor and treasurer departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

CLARIDON TOWNSHIP
 GEAUGA COUNTY
 Management's Discussion and Analysis
 For the Year Ended December 31, 2007
 Unaudited

Public safety is the cost of fire protection and EMS services; Health is the cost of maintaining the cemeteries; Conservation-Recreation is the cost of maintaining the parks and playing fields; and Public Works is the cost of maintaining the roads. Public Health Services and Police Protection are provided by Geauga County and funded through County-wide levies.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety and Public Works, which account for 22.8 and 41.6 percent of all governmental disbursements, respectively. General Government and Capital Outlay also represented significant costs in 2007, 17.5 and 14.8 percent respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net (Disbursement) Receipt and Changes in Net Assets column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2007	2007	2006	2006
General Government	\$156,848	(\$149,920)	\$147,542	(\$138,671)
Public Safety	204,455	(204,455)	205,888	(205,888)
Public Works	373,365	(185,084)	250,078	(154,236)
Health	15,275	(4,555)	23,125	(16,343)
Conservation-Recreation	14,288	(14,288)	33,454	(33,454)
Other	0	1,952	0	10,387
Capital Outlay	132,774	(132,774)	26,204	(26,204)
Total Expenses	\$897,005	(\$689,124)	\$686,291	(\$564,409)

The dependence upon property tax and other general receipts is apparent as over 85 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$1,037,343 and disbursements of \$897,005. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$149,224 as the result of increased revenues and carryover balances. Also the Township tries to anticipate the cost of future projects and plans for significant carryover amounts in years immediately prior to beginning a major improvement project. It is imperative that the Township continue to be fiscally responsible by closely monitoring receipts and expenditures.

General Fund receipts were more than disbursements by \$149,224. Additional revenues were obtained from tree harvesting in the park, while saving for a future park project. Reduced spending measures will still need to be implemented in the future unless additional revenues (ie property taxes) are secured.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007, the Township amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were greater than original budgeted receipts by \$107,159. Actual receipts exceeded the final budget by \$22,852

Final disbursements were budgeted at \$429,307 while actual disbursements were \$196,354. The Township's actual disbursements were \$232,953 less than the final budget.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2007, the Township had no outstanding debt.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Future reduction in personal property taxes and the likelihood of the inheritance tax disappearing are concerns. The Township has always tried to spend tax dollars wisely. We have not had any debt service in the last nineteen years. The Township may have to adjust to decreasing taxes and look at other alternatives.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Carol Stafford, Fiscal Officer, Claridon Township, PO Box 66, 13932 Mayfield Road, East Claridon, Ohio 44033.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$804,730</u>
<i>Total Assets</i>	<u><u>\$804,730</u></u>
Net Assets	
Restricted for:	
Debt Service	\$43
Other Purposes	545,387
Unrestricted	<u>259,300</u>
<i>Total Net Assets</i>	<u><u>\$804,730</u></u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Special Assessments	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$156,851	\$6,928	\$0	\$0	(\$149,923)
Public Safety	204,455	0	0	0	(204,455)
Public Works	373,365	0	94,531	93,750	(185,084)
Health	15,275	10,720	0	0	(4,555)
Conservation-Recreation	14,289	0	0	0	(14,289)
Other	0	1,952	0	0	1,952
Capital Outlay	132,774	0	0	0	(132,774)
<i>Total Governmental Activities</i>	<u>\$897,009</u>	<u>\$19,600</u>	<u>\$94,531</u>	<u>\$93,750</u>	<u>(689,128)</u>
		General Receipts			
		Property Taxes Levied for:			
		General Purposes			76,091
		Road and Bridge Fund			186,668
		Fire Levy Fund			184,595
		Grants and Entitlements not Restricted to Specific Programs			200,500
		Sale of Capital Assets			57,000
		Cable Franchise Fees			7,732
		Interest			28,945
		Miscellaneous			87,935
		<i>Total General Receipts</i>			829,466
		Change in Net Assets			140,338
		<i>Net Assets Beginning of Year</i>			664,392
		<i>Net Assets End of Year</i>			<u>\$804,730</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Levy Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$259,300	\$141,831	\$58,411	\$297,986	\$47,202	\$804,730
<i>Total Assets</i>	<u>\$259,300</u>	<u>\$141,831</u>	<u>\$58,411</u>	<u>\$297,986</u>	<u>\$47,202</u>	<u>\$804,730</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$2,592	\$0	\$0	\$0	\$0	\$2,592
Unreserved:						
Undesignated, Reported in:						
General Fund	256,708	0	0	0	0	256,708
Special Revenue Funds	0	141,831	58,411	297,986	47,159	545,387
Debt Service Fund	0	0	0	0	43	43
<i>Total Fund Balances</i>	<u>\$259,300</u>	<u>\$141,831</u>	<u>\$58,411</u>	<u>\$297,986</u>	<u>\$47,202</u>	<u>\$804,730</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEOUGA COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road & Bridge	Fire Levy	OPWC-Issue 2	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$76,090	\$0	\$186,668	\$184,596	\$0	\$0	\$447,354
Licenses, Permits and Fees	7,961	0	0	0	0	15,354	23,315
Intergovernmental	144,126	88,980	28,312	28,062	93,750	5,551	388,781
Interest	23,519	5,100	0	0	0	326	28,945
Miscellaneous	56,288	0	0	0	0	35,660	91,948
<i>Total Receipts</i>	<u>307,984</u>	<u>94,080</u>	<u>214,980</u>	<u>212,658</u>	<u>93,750</u>	<u>56,891</u>	<u>980,343</u>
Disbursements							
Current:							
General Government	150,738	0	0	0	0	6,110	156,848
Public Safety	0	0	0	165,276	0	39,179	204,455
Public Works	16,091	97,943	259,331	0	0	0	373,365
Health	4,274	0	0	0	0	11,001	15,275
Conservation-Recreation	14,288	0	0	0	0	0	14,288
Capital Outlay	8,368	11,900	4,756	0	93,750	14,000	132,774
<i>Total Disbursements</i>	<u>193,759</u>	<u>109,843</u>	<u>264,087</u>	<u>165,276</u>	<u>93,750</u>	<u>70,290</u>	<u>897,005</u>
Other Financing Sources (Uses)							
Sale of Fixed Assets	34,998	11,970	6,441	0	0	3,591	57,000
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>149,223</u>	<u>(3,793)</u>	<u>(42,666)</u>	<u>47,382</u>	<u>0</u>	<u>(9,808)</u>	<u>140,338</u>
<i>Net Change in Fund Balances</i>	149,223	(3,793)	(42,666)	47,382		(9,808)	140,338
<i>Fund Balances Beginning of Year</i>	<u>110,077</u>	<u>145,624</u>	<u>101,077</u>	<u>250,604</u>	<u>0</u>	<u>57,010</u>	<u>664,392</u>
<i>Fund Balances End of Year</i>	<u>\$259,300</u>	<u>\$141,831</u>	<u>\$58,411</u>	<u>\$297,986</u>	<u>\$0</u>	<u>\$47,202</u>	<u>\$804,730</u>

See accompanying notes to the basic financial statements.

**CLARIDON TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$74,980	\$74,980	\$76,091	\$1,111
Licenses, Permits and Fees	7,200	7,200	7,961	761
Intergovernmental	76,194	142,353	144,126	1,773
Interest	10,000	10,000	23,519	13,519
Miscellaneous	9,600	50,600	56,288	5,688
<i>Total receipts</i>	<u>177,974</u>	<u>285,133</u>	<u>307,985</u>	<u>22,852</u>
Disbursements				
Current:				
General Government	199,500	199,500	150,764	48,736
Public Works	19,000	19,000	16,091	2,909
Health	18,000	18,000	4,274	13,726
Conservation-Recreation	31,000	81,100	16,857	64,243
Capital Outlay	20,551	111,707	8,368	103,339
<i>Total Disbursements</i>	<u>288,051</u>	<u>429,307</u>	<u>196,354</u>	<u>232,953</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(110,077)</u>	<u>(144,174)</u>	<u>111,631</u>	<u>255,805</u>
Other Financing Sources				
Sale of Capital Assets	0	34,998	34,998	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>34,998</u>	<u>34,998</u>	<u>0</u>
Net Change in Fund Balance	(110,077)	(109,176)	146,629	255,805
<i>Fund Balance Beginning of Year</i>	<u>110,077</u>	<u>110,077</u>	<u>110,077</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$901</u>	<u>\$256,706</u>	<u>\$255,805</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEOUGA COUNTY

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$60,000	\$60,000	\$88,980	\$28,980
Interest	1,000	1,000	5,100	4,100
<i>Total receipts</i>	<u>61,000</u>	<u>61,000</u>	<u>94,080</u>	<u>33,080</u>
Disbursements				
Current:				
Public Works	206,624	206,624	97,943	108,681
Capital Outlay	0	11,970	11,900	70
<i>Total Disbursements</i>	<u>206,624</u>	<u>218,594</u>	<u>109,843</u>	<u>108,751</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(145,624)</u>	<u>(157,594)</u>	<u>(15,763)</u>	<u>(141,831)</u>
Other Financing Sources				
Sale of Capital Assets	0	11,970	11,970	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>11,970</u>	<u>11,970</u>	<u>0</u>
Net Change in Fund Balance	(145,624)	(145,624)	(3,793)	(141,831)
<i>Fund Balance Beginning of Year</i>	<u>145,624</u>	<u>145,624</u>	<u>145,624</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$141,831</u>	<u>(\$141,831)</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$193,751	\$193,751	\$186,668	(\$7,083)
Intergovernmental	27,359	27,359	28,312	953
<i>Total receipts</i>	<u>221,110</u>	<u>221,110</u>	<u>214,980</u>	<u>(6,130)</u>
Disbursements				
Current:				
Public Safety	307,186	323,627	259,331	64,296
Capital Outlay	15,000	5,000	4,756	244
<i>Total Disbursements</i>	<u>322,186</u>	<u>328,627</u>	<u>264,087</u>	<u>64,540</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(101,076)</u>	<u>(107,517)</u>	<u>(49,107)</u>	<u>58,410</u>
Other Financing Sources				
Sale of Capital Assets	0	6,441	6,441	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>6,441</u>	<u>6,441</u>	<u>0</u>
Net Change in Fund Balance	(101,076)	(101,076)	(42,666)	58,410
<i>Fund Balance Beginning of Year</i>	<u>101,076</u>	<u>101,076</u>	<u>101,076</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$58,410</u>	<u>\$58,410</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP

GEOUGA COUNTY

Statement of Receipts, Disbursements, and Changes

In Fund Balance - Budget and Actual - Budget Basis

Fire Levy Fund

For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Receipts				
Property and Other Local Taxes	\$171,757	\$171,757	\$184,595	\$12,838
Intergovernmental	24,829	24,829	28,062	3,233
<i>Total receipts</i>	<u>196,586</u>	<u>196,586</u>	<u>212,657</u>	<u>16,071</u>
Disbursements				
Current:				
Public Safety	221,000	221,000	165,276	55,724
<i>Total Disbursements</i>	<u>221,000</u>	<u>221,000</u>	<u>165,276</u>	<u>55,724</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,414)</u>	<u>(24,414)</u>	<u>47,381</u>	<u>71,795</u>
<i>Fund Balance Beginning of Year</i>	<u>250,604</u>	<u>250,604</u>	<u>250,604</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$226,190</u>	<u>\$226,190</u>	<u>\$297,985</u>	<u>\$71,795</u>

See accompanying notes to the basic financial statements.

Claridon Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 1 – Reporting Entity

Claridon Township, Geauga County, Ohio (the Township), is a body politic and corporate founded in 1801 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 reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery and park maintenance. The Township contracts with the Burton Volunteer Fire Department, Inc. and the Chardon Fire Department Inc. for fire and rescue protection and funded by Township levies. Police protection is provided by the Geauga County Sheriff's Department and funded by County levies.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. Claridon Township does not have any component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity risk Pools

Claridon Township does not participate in any joint ventures at the present time.

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the Township. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities at December 31, 2007. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

General Fund - This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Road and Bridge Fund – This fund receives real estate tax, property tax allocations, and personal property tax monies to construct, maintain and repair township roads.

Note 2 – Summary of Significant Accounting Policies (Continued)

Fire Levy Fund – This fund receives property tax, property tax allocations, and personal property tax monies to provide fire and rescue protection for the Township residents.

OPWC Issue 2 Fund – This fund was created in 2007 to receive a grant for paving a Township Road. Township funds were also used for partial funding.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund object group level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

Claridon Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies (Continued)

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts, respectively.

The Township invested in certificates of deposit during 2007.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 were \$23,519 which includes \$17,649 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent funds in Gas Tax, Road and Bridge, OPWC Issue 2, and Fire Levy Funds. These funds can only be used for road related activities or fire and rescue activities respectively.

G. Inventory and Prepaid Items

On the cash basis of accounting the Township reports inventories of supplies as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations

Note 2 – Summary of Significant Accounting Policies (Continued)

of other governments. Net assets restricted for other purposes include resources restricted for road maintenance, salaries and contracts (Road & Bridge and Gas Tax Funds), fire and rescue service contracts (Fire Levy Fund), and a road contract (OPWC Issue 2 Fund). The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gas Tax Fund, Road and Bridge Fund, and Fire Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)).

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Note 4 – Deposits and Investments (Continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Township had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$704,730 of the Township's bank balance of \$804,730 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. Although the securities were held by pledging institution's trust department and all statutory requirements for the investment of money had been followed, non compliance with Federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 proceeding 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 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.

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 each April 30.

Claridon Township
 Geauga County
 Notes to the Financial Statements
 For the Year Ended December 31, 2007

Note 5 – Property Taxes (Continued)

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$17,515,550
Agricultural	48,615,200
Commercial/Industrial/Mineral	3,589,350
Tangible Personal Property	
Business	263,315
Public Utility	2,508,140
Total Assessed Value	\$72,491,555

Note 6 - Capital Assets

The Township does not report and depreciate capital assets resulting from cash transactions in the financial statements and elects not to report capital asset activity in the notes to the financial statements.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2007, the Township contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Westfield Insurance Company	Commercial Property	\$ 1,442,044
	General Liability	2,000,000
	Commercial Crime	2,500/5,000
	Inland Marine	162,162
	Vehicle	2,000,000
Scottsdale Indemnity Company	Public Officials(EPLI) Liab	1,000,000
Ohio Farmers Insurance Company	Individual Bonds	Various

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 8 – Defined Benefit Pension Plan

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 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, 2007, the members of all three plans participating in the traditional plan, were required to contribute 9.50 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 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 plan for the years ended December 31, 2007, 2006, and 2005, were \$25,084, \$25,261, and \$23,801, respectively.

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 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care for the first half of 2007 and 6.00 percent of covered payroll was the portion that was used to fund health care for the second half of 2007.

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, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

Note 9 - Postemployment Benefits (Continued)

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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214 as of December 31, 2005 (the latest information available). Actual employer contributions for 2007 which were used to fund postemployment benefits were \$8,240. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increases as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

This page intentionally left blank.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This discussion and analysis of Claridon Township, Geauga County, Ohio, (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of Governmental activities increased \$104,511, or 18.7 percent. The funds most affected by the increase in cash and cash equivalents were the Gasoline Tax Fund, Road & Bridge Fund, and the Fire Levy Fund.

The Township's general receipts are primarily property tax and grants and entitlements receipts. These receipts total \$668,920 and represent 84.6 percent of the total cash received for governmental activities during the year. Property tax and grants & entitlement receipts for 2006 increased 13.8 percent compared to 2005.

There was a decrease in the number of full time maintenance employees due to the retirement of the road superintendent. However, the Township hired a full time Township/Zoning secretary. This increased the use of General Funds and decreased the use of the Road & Bridge Funds. The Road & Bridge Fund and the Gasoline Tax Fund also increased due to less money expended for repair and maintenance on Township roads.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

CLARIDON TOWNSHIP
GEOUGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we express the Township's activities as the following:

Governmental Activities. As of this time all the Township's basic services are reported here, including police, fire, cemeteries, roads, zoning and parks. Property taxes and grants and entitlements finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are governmental funds.

Governmental Funds – Currently all of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

CLARIDON TOWNSHIP
 GEAUGA COUNTY
 Management's Discussion and Analysis
 For the Year Ended December 31, 2006
 Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Equity in Pooled cash and Cash Equivalents	\$664,392	\$559,881
Total Assets	\$664,392	\$559,881
Net Assets		
Restricted for:		
Debt Service	\$43	\$43
Other Purposes	554,273	426,040
Unrestricted	110,076	133,798
Total Net Assets	\$664,392	\$559,881

As mentioned previously, net assets of governmental activities increased \$ 104,511 or 18.7 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- One road employee retired and was not replaced increasing funds in the Road and Bridge Fund.
- The Township's roads remained in good condition during 2006. The only paving project was the Township parking lot costing \$60,000.
- Fire contracts increased in 2006. However, the Township has had a significant carryover for years in anticipation of contracts increasing.

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities for the Township.

CLARIDON TOWNSHIP
 GEAUGA COUNTY
 Management's Discussion and Analysis
 For the Year Ended December 31, 2006
 Unaudited

(Table 2)
Changes in Net Assets

	Governmental	
	Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$25,790	\$26,443
Operating Grants and Contributions	96,092	78,969
Total Program Receipts	<u>121,882</u>	<u>105,412</u>
General Receipts:		
Property and Other Local Taxes	451,014	388,544
Grants and Entitlements Not Restricted to Specific Programs	134,930	126,361
Interest	22,529	12,730
Miscellaneous	60,447	21,450
Total General Receipts	<u>668,920</u>	<u>549,085</u>
Total Receipts	<u>790,802</u>	<u>654,497</u>
Disbursements:		
General Government	147,542	108,469
Public Safety	205,888	186,663
Public Works	250,078	271,021
Health	23,125	25,282
Conservation-Recreation	33,454	18,532
Capital Outlay	26,204	11,882
Total Disbursements	<u>686,291</u>	<u>621,849</u>
Increase (Decrease) in Net Assets	104,511	32,648
Net Assets, January 1, 2006	<u>559,881</u>	<u>527,233</u>
Net Assets, December 31, 2006	<u>\$664,392</u>	<u>\$559,881</u>

Program receipts represent only 15.4 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gasoline tax money; and town hall rental, zoning and cemetery fees.

General receipts represent 84.6 percent of the Township's total receipts, and of this amount, over 67.4 percent are property taxes. Grants and entitlements make up the balance of the Township's general receipts (20.2 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

CLARIDON TOWNSHIP
 GEAUGA COUNTY
 Management's Discussion and Analysis
 For the Year Ended December 31, 2006
 Unaudited

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include most of the costs of the elected township officials and secretary, state and local auditor and treasurer departments, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public safety is the cost of fire protection and EMS services; Health is the cost of maintaining the cemeteries; Conservation-Recreation is the cost of maintaining the parks and playing fields; and Public Works is the cost of maintaining the roads. Public Health Services and Police Protection are provided by Geauga County and funded through County-wide levies.

Governmental Activities

If you look at the Statement of Activities on page 34, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety and Public Works, which account for 30.0 and 36.4 percent of all governmental disbursements, respectively. General Government also represents a significant cost, about 21.5 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net (Disbursements) Receipt and Changes in Net Assets column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$147,542	(\$138,671)	\$108,469	(\$100,089)
Public Safety	205,888	(205,888)	186,663	(186,663)
Public Works	250,078	(154,236)	271,021	(192,302)
Health	23,125	(16,343)	25,282	(16,196)
Conservation-Recreation	33,454	(33,454)	18,532	(18,532)
Other	0	10,387	0	9,227
Capital Outlay	26,204	(26,204)	11,882	(11,882)
Total Expenses	\$686,291	(\$564,409)	\$621,849	(\$516,437)

The dependence upon property tax and other general receipts is apparent as over 82 percent of governmental activities are supported through these general receipts.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The Township's Funds

Total governmental funds had receipts of \$790,802 and disbursements of \$686,291. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$58,916 as the result of increased revenues. Also the Township tries to anticipate the cost of future road projects and plans for significant carryover amounts in years immediately prior to beginning a major road improvement project.

General Fund receipts were less than disbursements by \$19,714 indicating that the General Fund is in a deficit spending situation. Reduced spending measures will need to be implemented in the future unless additional revenues (ie property taxes) are secured.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, the Township amended its General Fund budget once to reflect changing circumstances. Final budgeted receipts were greater than original budgeted receipts by \$12,465.

Final disbursements were budgeted at \$302,578 while actual disbursements were \$214,279. Receipts exceeded expectations. The Township's actual disbursements were \$88,299 less than the final budget.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006, the Township had no outstanding debt.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Future reduction in personal property taxes and the likelihood of the inheritance tax disappearing are concerns. The Township has always tried to spend tax dollars wisely. We have not had any debt service in the last eighteen years. The Township may have to adjust to decreasing taxes and look at other alternatives.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Carol Stafford, Fiscal Officer, Claridon Township, PO Box 66, 13932 Mayfield Road, East Claridon, Ohio 44033.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$664,392</u>
<i>Total Assets</i>	<u><u>\$664,392</u></u>
Net Assets	
Restricted for:	
Debt Service	\$43
Other Purposes	554,273
Unrestricted	<u>110,076</u>
<i>Total Net Assets</i>	<u><u>\$664,392</u></u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Special Assessments	Governmental Activities
Governmental Activities				
General Government	\$147,542	\$8,871	\$0	(\$138,671)
Public Safety	205,888	0	0	(205,888)
Public Works	250,078	0	95,842	(154,236)
Health	23,125	6,782	0	(16,343)
Conservation-Recreation	33,454	0	0	(33,454)
Other	0	10,137	250	10,387
Capital Outlay	26,204	0	0	(26,204)
<i>Total Governmental Activities</i>	<u>\$686,291</u>	<u>\$25,790</u>	<u>\$96,092</u>	<u>(564,409)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes	76,477	
		Road and Bridge Fund	198,598	
		Fire Levy Fund	175,939	
		Grants and Entitlements not Restricted to Specific Programs	134,930	
		Interest	22,529	
		Miscellaneous	60,447	
		<i>Total General Receipts</i>	668,920	
		Change in Net Assets		104,511
		<i>Net Assets Beginning of Year</i>		<u>559,881</u>
		<i>Net Assets End of Year</i>		<u>\$664,392</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Levy Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$110,077	\$145,624	\$101,077	\$250,604	\$57,010	\$664,392
<i>Total Assets</i>	<u>\$110,077</u>	<u>\$145,624</u>	<u>\$101,077</u>	<u>\$250,604</u>	<u>\$57,010</u>	<u>\$664,392</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$110,077	\$0	\$0	\$0	\$0	\$110,077
Special Revenue Funds	0	145,624	101,077	250,604	56,967	554,272
Debt Service Fund	0	0	0	0	43	43
<i>Total Fund Balances</i>	<u>\$110,077</u>	<u>\$145,624</u>	<u>\$101,077</u>	<u>\$250,604</u>	<u>\$57,010</u>	<u>\$664,392</u>

See accompanying notes to the basic financial statements.

**CLARIDON TOWNSHIP
GEAUGA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006*

	General	Gasoline Tax	Road & Bridge	Fire Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$76,477	\$0	\$198,598	\$175,939	\$0	\$451,014
Licenses, Permits and Fees	7,947	0	0	0	14,403	22,350
Intergovernmental	79,142	90,204	29,293	26,496	5,637	230,772
Interest	19,514	2,790	0	0	225	22,529
Miscellaneous	11,485	0	0	0	52,652	64,137
<i>Total Receipts</i>	<u>194,565</u>	<u>92,994</u>	<u>227,891</u>	<u>202,435</u>	<u>72,917</u>	<u>790,802</u>
Disbursements						
Current:						
General Government	138,114	0	0	0	9,427	147,541
Public Safety	0	0	0	190,840	15,049	205,889
Public Works	14,691	34,078	201,309	0	0	250,078
Health	19,316	0	0	0	3,809	23,125
Conservation-Recreation	33,454	0	0	0	0	33,454
Capital Outlay	8,704	0	8,500	0	9,000	26,204
<i>Total Disbursements</i>	<u>214,279</u>	<u>34,078</u>	<u>209,809</u>	<u>190,840</u>	<u>37,285</u>	<u>686,291</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,714)</u>	<u>58,916</u>	<u>18,082</u>	<u>11,595</u>	<u>35,632</u>	<u>104,511</u>
<i>Net Change in Fund Balances</i>	(19,714)	58,916	18,082	11,595	35,632	104,511
<i>Fund Balances Beginning of Year</i>	<u>129,791</u>	<u>86,708</u>	<u>82,995</u>	<u>239,009</u>	<u>21,378</u>	<u>559,881</u>
<i>Fund Balances End of Year</i>	<u><u>\$110,077</u></u>	<u><u>\$145,624</u></u>	<u><u>\$101,077</u></u>	<u><u>\$250,604</u></u>	<u><u>\$57,010</u></u>	<u><u>\$664,392</u></u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$78,593	\$80,901	\$76,477	(\$4,424)
Licenses, Permits and Fees	4,000	7,853	7,947	94
Intergovernmental	75,593	74,573	79,142	4,569
Interest	5,000	12,496	19,514	7,018
Miscellaneous	9,600	9,428	11,485	2,057
<i>Total receipts</i>	<u>172,786</u>	<u>185,251</u>	<u>194,565</u>	<u>9,314</u>
Disbursements				
Current:				
General Government	170,000	179,000	138,114	40,886
Public Works	18,000	18,000	14,691	3,309
Health	31,000	31,000	19,316	11,684
Conservation-Recreation	42,100	45,600	33,454	12,146
Capital Outlay	41,477	28,978	8,704	20,274
<i>Total Disbursements</i>	<u>302,577</u>	<u>302,578</u>	<u>214,279</u>	<u>88,299</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(129,791)</u>	<u>(117,327)</u>	<u>(19,714)</u>	<u>97,613</u>
<i>Fund Balance Beginning of Year</i>	<u>129,791</u>	<u>129,791</u>	<u>129,791</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$12,464</u>	<u>\$110,077</u>	<u>\$97,613</u>

See accompanying notes to the basic financial statements.

**CLARIDON TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$55,000	\$78,223	\$90,204	\$11,981
Interest	300	2,395	2,790	395
<i>Total receipts</i>	<u>55,300</u>	<u>80,618</u>	<u>92,994</u>	<u>12,376</u>
Disbursements				
Current:				
Public Works	142,008	142,008	34,078	107,930
<i>Total Disbursements</i>	<u>142,008</u>	<u>142,008</u>	<u>34,078</u>	<u>107,930</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(86,708)</u>	<u>(61,390)</u>	<u>58,916</u>	<u>120,306</u>
<i>Fund Balance Beginning of Year</i>	<u>86,708</u>	<u>86,708</u>	<u>86,708</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$25,318</u></u>	<u><u>\$145,624</u></u>	<u><u>\$120,306</u></u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$193,157	\$209,627	\$198,598	(\$11,029)
Intergovernmental	27,196	17,694	29,293	11,599
<i>Total receipts</i>	<u>220,353</u>	<u>227,321</u>	<u>227,891</u>	<u>570</u>
Disbursements				
Current:				
Public Safety	276,401	276,401	201,333	75,068
Capital Outlay	25,000	25,000	8,500	16,500
<i>Total Disbursements</i>	<u>301,401</u>	<u>301,401</u>	<u>209,833</u>	<u>91,568</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(81,048)</u>	<u>(74,080)</u>	<u>18,058</u>	<u>92,138</u>
<i>Fund Balance Beginning of Year</i>	<u>83,018</u>	<u>83,018</u>	<u>83,018</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,970</u>	<u>\$8,938</u>	<u>\$101,076</u>	<u>\$92,138</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP

GEAUGA COUNTY

Statement of Receipts, Disbursements, and Changes

In Fund Balance - Budget and Actual - Budget Basis

Fire Levy Fund

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$171,345	\$185,788	\$175,939	(\$9,849)
Intergovernmental	24,356	16,116	26,496	10,380
<i>Total receipts</i>	<u>195,701</u>	<u>201,904</u>	<u>202,435</u>	<u>531</u>
Disbursements				
Current:				
Public Safety	221,000	221,000	190,840	30,160
<i>Total Disbursements</i>	<u>221,000</u>	<u>221,000</u>	<u>190,840</u>	<u>30,160</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,299)</u>	<u>(19,096)</u>	<u>11,595</u>	<u>30,691</u>
<i>Fund Balance Beginning of Year</i>	<u>239,009</u>	<u>239,009</u>	<u>239,009</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$213,710</u>	<u>\$219,913</u>	<u>\$250,604</u>	<u>\$30,691</u>

See accompanying notes to the basic financial statements.

Claridon Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 1 – Reporting Entity

Claridon Township, Geauga County, Ohio (the Township), is a body politic and corporate founded in 1801 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 reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery and park maintenance. The Township contracts with the Burton Volunteer Fire Department, Inc. and the Chardon Fire Department Inc. for fire and rescue protection and funded by Township levies. Police protection is provided by the Geauga County Sheriff's Department and funded by County levies.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. Claridon Township does not have any component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity risk Pools

Claridon Township does not participate in any joint ventures at the present time.

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the Township. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances of the governmental activities at December 31, 2006. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

General Fund - This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Road and Bridge Fund – This fund receives real estate tax, property tax allocations, and personal property tax monies to construct, maintain and repair township roads & bridges.

Note 2 – Summary of Significant Accounting Policies (Continued)

Fire Levy Fund – This fund receives property tax, property tax allocations, and personal property tax monies to provide fire and rescue protection for the Township residents.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund object group level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Note 2 – Summary of Significant Accounting Policies (Continued)

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts, respectively.

During 2006, the Township invested in certificates of deposit at December 31, 2006.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 were \$19,514 which includes \$15,487 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent funds in Gas Tax, Road and Bridge, and Fire Levy Funds. These funds can only be used for road related activities or fire and rescue activities respectively.

G. Inventory and Prepaid Items

On the cash basis of accounting the Township reports inventories of supplies as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance, salaries and contracts (Road & Bridge and Gasoline Tax Funds), and fire and rescue service contracts (Fire Levy Fund). The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)).

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Note 4 – Deposits and Investments (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Township had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$464,392 of the Township's bank balance of \$664,392 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name. Although the securities were held by pledging institution's trust department and all statutory requirements for the investment of money had been followed, non compliance with Federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 proceeding 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 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.

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 each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Claridon Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 5 – Property Taxes (Continued)

Real Property	
Residential	\$47,689,480
Agricultural	17,764,770
Commercial/Industrial/Mineral	3,634,030
Tangible Personal Property	
Business	639,670
Public Utility	2,448,810
Total Assessed Value	<u>\$72,176,760</u>

Note 6 - Capital Assets

The Township does not report and depreciate capital assets resulting from cash transactions in the financial statements and elects not to report capital asset activity in the notes to the financial statements.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Township contracted with several companies for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Westfield Insurance Company	Commercial Property	\$ 959,960
	General Liability	2,000,000
	Commercial Crime	2,500/5,000
	Inland Marine	152,623
	Vehicle	2,000,000
Scottsdale Indemnity Company	Public Officials(EPLI) Liab	1,000,000
Ohio Farmers Insurance Company	Individual Bonds	Various

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 8 – Defined Benefit Pension Plan

Claridon Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2006

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 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, 2006, the members of all three plans participating in the traditional plan, were required to contribute 9.00 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 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, 2006, 2005, and 2004 were \$25,261, \$23,801, and \$23,919 respectively. The full amount has been contributed for 2006, 2005 and 2004.

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 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

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, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

Note 9 - Postemployment Benefits (Continued)

Claridon Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2006

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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214 as of December 31, 2005 (the latest information available). Actual employer contributions for 2006 which were used to fund postemployment benefits were \$7,457. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increases as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 10 – Compliance

A. Compliance

The Township had appropriations for the Zoning Fund in excess of estimated resources plus carryover balances in the amount of \$300 which is contrary to Ohio Revised Code Section 5705.39.

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

Claridon Township
Geauga County
13932 Mayfield Road
P.O. Box 66
East Claridon, Ohio 44033

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Claridon Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 19, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Claridon Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 as a basis for designing our audit procedures for expressing our opinions 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.

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

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

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

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 we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated March 19, 2008.

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



Mary Taylor, CPA
Auditor of State

March 19, 2008



Mary Taylor, CPA
Auditor of State

CLARIDON TOWNSHIP

GEAUGA 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
MAY 13, 2008**