



Mary Taylor, CPA
Auditor of State

**CLARK TOWNSHIP FIRE DISTRICT
HOLMES COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Cash Basis	9
Statement of Activities – Cash Basis	10
Statement of Cash Basis Assets and Fund Balance General Fund	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance.....	12
Statement of Receipts Disbursements and Changes in Fund Balance Budget and Actual – Budget Basis	13
Notes to the Financial Statements	15
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clark Township Fire District
Holmes County
3674 County Road 70
Sugarcreek, Ohio 44681

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and the major general fund of Clark Township Fire District, Holmes County, Ohio (the Fire District) as of and for the year ended December 31, 2007, which collectively comprise the Fire District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Fire District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 and the major general fund, of Clark Township Fire District, Holmes County, Ohio, as of December 31 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the year 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 August 15, 2008, on our consideration of the Fire District'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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 15, 2008

Clark Township Fire District
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities were \$162,898.

The Fire District's general receipts are primarily property taxes. These receipts represent 78 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 increased a little compared to 2006. Interest increased significantly because money was deposited in a better yielding account.

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 Fire District'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 Fire District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Fire District 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 Fire District 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 Fire District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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.

Clark Township Fire District
 Management's Discussion and Analysis
 For the Year Ended December 31, 2007
 Unaudited

Reporting the Fire District as a Whole

The statement of net assets and the statement of activities reflect how the Fire District 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 Fire District 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 Fire District's general receipts.

These statements report the Fire District'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 Fire District's financial health. Over time, increases or decreases in the Fire District's cash position is one indicator of whether the Fire District's financial health is improving or deteriorating. When evaluating the Fire District's financial condition, you should also consider other nonfinancial factors as well such as the Fire District's property tax base, the condition of the Fire District's capital assets and infrastructure, the extent of the Fire District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

Reporting the Fire District's Most Significant Fund

The Fire District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Fire District'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 Fire District's programs. The Fire District's only major governmental fund is the General Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Fire District as a Whole

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

(Table 1)

Net Assets

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Assets		
Cash and Cash Equivalents	\$162,898	\$153,999
Net Assets		
Unrestricted	\$162,898	\$153,999
Total Net Assets	\$162,898	\$153,999

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

Clark Township Fire District
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
General Receipts:		
Property and Other Local Taxes	\$46,178	\$46,079
Intergovernmental	8,148	6,951
Interest	4,604	1,955
Total General Receipts	58,930	54,985
Disbursements:		
General Government	4,031	5,704
Public Safety	46,000	44,644
Total Disbursements	50,031	50,348
Increase in Net Assets	8,899	4,637
Net Assets, January 1, 2007	153,999	149,362
Net Assets, December 31, 2007	\$162,898	\$153,999

General receipts represent 100 percent of the Fire District's total receipts, and of this amount, 78 percent are local taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Fire District and the payment of Fire and EMS contracts.

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 Fire District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and public safety, which account for 8 and 92 percent of all governmental disbursements, respectively. The net Receipt (Disbursement) 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.

Clark Township Fire District
 Management's Discussion and Analysis
 For the Year Ended December 31, 2007
 Unaudited

(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	\$4,031	\$4,031	\$5,704	\$5,704
Public Safety	46,000	46,000	44,644	44,644
Total Expenses	\$50,031	\$50,031	\$50,348	\$50,348

The dependence upon property tax receipts is apparent as 78 percent of governmental activities are supported through these general receipts.

The Fire District's Funds

Total governmental funds had receipts of \$58,930 and disbursements of \$50,031. The fund balance of the General Fund increased \$8,899.

General Fund Budgeting Highlights

The Fire District'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 only budgeted fund is the General Fund.

During 2007, the Fire District never amended its General Fund budget. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$109,500 while actual disbursements were \$50,031. The Fire District kept spending well under the budgeted amounts as demonstrated by the major reported variances. The result is the increase in fund balance of \$8,899 for 2007.

Capital Assets and Debt Administration

Capital Assets

The Fire District has no capital assets.

Debt

At December 31, 2007, the Fire District had no debt.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding.

Clark Township Fire District
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Contacting the Fire District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Fire District's finances and to reflect the Fire District'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 Nannette Yoder, Fiscal Officer, Clark Township Fire District, 3764 CR 70, Sugarcreek, Ohio 44681.

This page intentionally left blank.

**Clark Township Fire District
Holmes County**

Statement of Net Assets - Cash Basis
December 31, 2007

	General Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$162,898</u>
Net Assets	
Unrestricted	<u>\$162,898</u>
<i>Total Net Assets</i>	<u><u>\$162,898</u></u>

See accompanying notes to the basic financial statements.

**Clark Township Fire District
Holmes 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 Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$4,031	\$0	\$0	\$0	(\$4,031)
Public Safety	46,000	0	0	0	(46,000)
<i>Total Governmental Activities</i>	<u>\$50,031</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(50,031)</u>
		General Receipts			
		Property Taxes Levied for:			
				General Purposes	46,178
				Grants and Entitlements not Restricted to Specific Programs	8,148
				Interest	4,604
				<i>Total General Receipts</i>	<u>58,930</u>
				Change in Net Assets	8,899
				<i>Net Assets Beginning of Year</i>	<u>153,999</u>
				<i>Net Assets End of Year</i>	<u>\$162,898</u>

See accompanying notes to the basic financial statements.

**Clark Township Fire District
Holmes County**

Statement of Cash Basis Assets and Fund Balance
General Fund
December 31, 2007

	<u>General Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$162,898</u>
Fund Balance	
Unreserved:	
Undesignated, Reported in:	
General Fund	<u>\$162,898</u>
<i>Total Fund Balance</i>	<u>\$162,898</u>

See accompanying notes to the basic financial statements.

**Clark Township Fire District
Holmes County**

Statement of Cash Receipts, Disbursements and
Change in Cash Basis Fund Balance
General Fund
For the Year Ended December 31, 2007

	General Fund
Receipts	
Property and Other Local Taxes	\$46,178
Intergovernmental	8,148
Interest	4,604
<i>Total Receipts</i>	<u>58,930</u>
Disbursements	
Current:	
General Government	4,031
Public Safety	46,000
<i>Total Disbursements</i>	<u>50,031</u>
<i>Net Change in Fund Balance</i>	8,899
<i>Fund Balance Beginning of Year</i>	<u>153,999</u>
<i>Fund Balance End of Year</i>	<u><u>\$162,898</u></u>

See accompanying notes to the basic financial statements.

**Clark Township Fire District
Holmes County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General 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				
Property and Other Local Taxes	\$44,200	\$44,200	\$46,178	\$1,978
Intergovernmental	5,500	5,500	8,148	2,648
Interest	1,300	1,300	4,604	3,304
<i>Total receipts</i>	<u>51,000</u>	<u>51,000</u>	<u>58,930</u>	<u>7,930</u>
Disbursements				
Current:				
General Government	9,500	9,500	4,031	5,469
Public Works	100,000	100,000	46,000	54,000
<i>Total Disbursements</i>	<u>109,500</u>	<u>109,500</u>	<u>50,031</u>	<u>59,469</u>
<i>Net Change in Fund Balance</i>	(58,500)	(58,500)	8,899	67,399
<i>Fund Balance Beginning of Year</i>	<u>153,999</u>	<u>153,999</u>	<u>153,999</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$95,499</u>	<u>\$95,499</u>	<u>\$162,898</u>	<u>\$67,399</u>

See accompanying notes to the basic financial statements.

This page intentionally left blank.

Clark Township Fire District
Holmes County

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 1 – Reporting Entity

Clark Township Fire District, Holmes County, Ohio, (the Fire District) is a body politic and corporate established in March 1996 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Fire District is directed by a three-member Board of Trustees, who are the publicly elected trustees of Clark Township. The Fire District also has a fiscal officer who is employed by the Board of Trustees.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Fire District. The Fire District provides fire protection and emergency medical services for a specific portion of Clark Township. The Fire District contracts with the Villages of Baltic and Sugarcreek to provide fire services and Swiss Valley Joint Ambulance District to provide ambulance services.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2C, 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 Fire District's accounting policies.

A. Basis of Presentation

The Fire District'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 Fire District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Fire District that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Clark Township Fire District
Holmes County

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash balances of the governmental activities of the Fire District at year end. The statement of activities compares disbursements with program receipts for each of the Fire District'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 Fire District 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 or business-type activity is self-financing on a cash basis or draws from the Fire District's general receipts.

Fund Financial Statements

During the year, the Fire District reports all of it's activity in a Major General Fund.

B. Fund Accounting - Governmental Funds

The Fire District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Fire District's only major governmental fund is the General Fund. The General 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 Fire District for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Basis of Accounting

The Fire District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Fire District'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 Fire District 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

The General Fund is 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 Fire District may appropriate.

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

Clark Township Fire District
Holmes County

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fire District 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 Fire District.

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 Fire District during the year.

E. Cash and Investments

To improve cash management, cash received by the Fire District is pooled and invested. Individual fund integrity is maintained through Fire District 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.

During 2007, the Fire District invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Fire District funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$4,604.

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. All of the Fire District’s assets are unrestricted.

G. Inventory and Prepaid Items

The Fire District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Employer Contributions to Cost-Sharing Pension Plans

The Fire District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Clark Township Fire District
Holmes County

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies (continued)

I. 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. The Fire District has no restricted net assets.

J. Fund Balance Reserves

The Fire District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

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 Change in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (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). The Fire District had no outstanding encumbrances at year end.

Note 4 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the Fire District treasury. Active monies must be maintained either as cash in the Fire District 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.

Clark Township Fire District
Holmes County

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 4 – Deposits and Investments (continued)

Interim monies held by the Fire District 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;
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).

Protection of the Fire District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by collateral pledged to the Fire District by the financial institution.

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 Fire District, 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 Fire District had a certificate of deposit with a balance of \$41,712 and a NOW checking account with a balance of \$28,447 and Money Market Investment with a balance of \$92,739.

Deposits

The Fire District 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 Fire District 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.

Clark Township Fire District
Holmes County

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 4 – Deposits and Investments (continued)

Investments

The Fire District's investment policy is limited to complying with state statute. Section 135.14 of the Ohio Revised Code states where interim monies held by the Fire District can be deposited or invested. The only investment the Fire District has is a certificate of deposit at its bank of depository.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Fire District. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 12.5 percent of true value for capital assets and 12.5 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Fire District operations for the year ended December 31, 2007, was \$1.75 per \$1,000 of assessed value. 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	\$15,578,690
Agricultural	12,672,000
Commercial/Industrial/Mineral	2,223,750
Tangible Personal Property	2,382,990
Public Utility - Read	1,970
Public Utility – Personal	726,140
Total Assessed Value	<u>\$33,585,540</u>

Clark Township Fire District
Holmes County

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 6 – Risk Management

The Fire District 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 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Fire District 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 were required to contribute 9.5 percent of their annual covered salaries. The Fire District's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Fire District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$332, \$329, and \$265 respectively. The full amount has been contributed for 2007, 2006 and 2005. Contributions to the member-directed plan for 2007 were \$0 made by the Fire District and \$0 made by the plan members.

Note 8 - Postemployment Benefits

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 and 6.00 percent for January 1, 2007 through June 30, 2007 and July 1, 2007 through December 31, 2007, respectively, was the portion that was used to fund health care.

Clark Township Fire District
Holmes County

Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 8 - Postemployment Benefits (continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, 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 at the projected wage inflation rate plus an additional factor ranging from between .50 percent and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$132. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 – Related Organizations

The Clark Township Fire District Trustees and Fiscal Officer hold the same positions for Clark Township, a separate legal entity. The Fire District is not financially accountable because it cannot impose its will on the organization and a financial benefit/burden does not exist.



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*

Clark Township Fire District
Holmes County
3674 County Road
Sugarcreek, Ohio 44681

To the Board of Trustees:

We have audited the governmental activities and the major general fund of Clark Township Fire District, Holmes County, (the Fire District) as of and for the year ended December 31, 2007 which collectively comprise the Fire District's basic financial statements and have issued our report thereon dated August 15, 2008. 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 Fire District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Fire District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Fire District'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 Fire District'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 Fire District'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 Fire District'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 Fire District'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 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.

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

Mary Taylor, CPA
Auditor of State

August 15, 2008



Mary Taylor, CPA
Auditor of State

CLARK TOWNSHIP FIRE DISTRICT

HOLMES 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
OCTOBER 9, 2008**