



*RACCOON TOWNSHIP, GALLIA COUNTY*

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**Regular Audit**

**For the Years Ended  
December 31, 2007 and 2006**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Raccoon Township  
1856 Pleasant Valley Road  
P.O. Box 313  
Rio Grande, Ohio 45674

We have reviewed the *Independent Auditor's Report* of Raccoon Township, Gallia County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Raccoon Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 22, 2008

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***Raccoon Township, Gallia County***  
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*For the Years Ended December 31, 2007 and 2006*

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## Independent Auditor's Report

Board of Trustees  
Raccoon Township  
Gallia County  
1856 Pleasant Valley Road  
P.O. Box 313  
Rio Grande, OH 45674

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Raccoon Township (the Township), Gallia County as of and for the years ended December 31, 2007 and 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. 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 in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2007 and 2006, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with the cash basis of accounting presented in Note 2.

Board of Trustees  
Raccoon Township, Gallia County  
Independent Auditor's Report

In accordance with *Government Auditing Standards*, we have also issued a report dated March 3, 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 grants. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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 applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

March 3, 2008

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2007 and 2006**  
**Unaudited**

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This discussion and analysis of the Raccoon Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Township has elected to exclude the information in this report. Subsequent reports will include the comparative information.

**Highlights**

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$17,405, or 13.17 percent.

Program receipts accounted for \$106,817 or 53.65 percent of total receipts. General receipts accounted for \$92,267 or 46.35 percent of total receipts. The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs.

The Township had \$181,679 in disbursements; \$106,817 of these disbursements was offset by programs specific operating grants and contributions. General receipts of \$92,267 were utilized to provide for these programs.

Among the major funds, the Gasoline Tax Fund is the most significant with \$93,900 in receipts and \$83,299 in disbursements.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$20,972, or 18.86 percent.

Program receipts accounted for \$98,828 or 54.69 percent of total receipts. General receipts accounted for \$81,869 or 45.31 percent of total receipts. The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs.

The Township had \$159,825 in disbursements; \$98,928 of these disbursements was offset by programs specific operating grants and contributions. General receipts of \$81,869 were utilized to provide for these programs.

Among the major funds, the Gasoline Tax Fund is the most significant with \$85,795 in receipts and \$66,860 in disbursements.



**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2007 and 2006**  
**Unaudited**

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**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.

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 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 property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township'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.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2007 and 2006**  
**Unaudited**

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In the statement of net assets and the statement of activities, the Township consists of one type of activity:

**Governmental Activities** - All of the Township's basic services are reported here, including fire, roads and general government services. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Government'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 consist of one category: governmental.

**Governmental Funds** - 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, Motor Vehicle License Tax, and Gasoline Tax Funds. The programs reported in governmental funds are the same as those reported in the governmental activities section of the entity-wide 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
<b>Assets</b>		
Cash and Cash Equivalents	\$ 149,561	\$ 132,156
Total Assets	149,561	132,156
<b>Net Assets</b>		
<i>Restricted for:</i>		
Other Purposes	89,280	80,493
Unrestricted	60,281	51,663
Total Net Assets	\$149,561	\$132,156

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2007 and 2006**  
**Unaudited**

As mentioned previously, net assets increased \$17,405 or 13.17 percent during 2007. The primary reasons contributing to the increase in cash balances are as follows:

- The Township was able to keep disbursements below the receipts during 2007, as they try to control spending.

Table 2 reflects the changes in net assets in 2007 and 2006.

(Table 2)

**Changes in Net Assets**

	Governmental Activities	
	2007	2006
<b><u>Receipts:</u></b>		
<i>Program Receipts:</i>		
Operating Grants and Contributions	\$106,817	\$98,928
Total Program Receipts	<u>106,817</u>	<u>98,928</u>
<i>General Receipts:</i>		
Property and Other Local Taxes	49,676	50,046
Grants and Entitlements Not Restricted to Specific Programs	39,983	30,898
Sale of Fixed Assets	1,800	0
Interest	717	654
Miscellaneous	91	271
Total General Receipts	<u>92,267</u>	<u>81,869</u>
Total Receipts	<u>199,084</u>	<u>180,797</u>
<b><u>Disbursements:</u></b>		
General Government	41,979	47,916
Public Safety	16,122	14,857
Public Works	98,049	82,980
Health	1,480	1,360
Other	93	0
Principal Retirement	23,300	11,700
Interest and Fiscal Charges	656	1,012
Total Disbursements	<u>181,679</u>	<u>159,825</u>
Increase (Decrease) in Net Assets	17,405	20,972
Net Assets, January 1, 2007	132,156	111,184
Net Assets, December 31, 2007	<u>\$149,561</u>	<u>\$132,156</u>

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2007 and 2006**  
**Unaudited**

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**Governmental Activities**

Program receipts represent 53.65 percent of total receipts for 2007 and 54.69 percent of total receipts for 2006. Program receipts are primarily comprised of gasoline tax receipts and motor vehicle license fees.

General receipts represent 46.35 percent of total receipts for 2007 and 45.31 percent of total receipts for 2006. General receipts are comprised of property taxes, grants and entitlements not restricted to specific programs, interest and miscellaneous receipts. Property taxes represent 27.28 percent of total receipts in 2007 and 28.74 percent in 2006. Grants and entitlements not restricted to specific programs represent 15.75 percent of total receipts in 2007 and 13.82 percent in 2006.

The most significant program disbursements for the Township are Public Works and General Government. These programs account for 77.09 percent of total disbursements in 2007 and 81.90 percent in 2006. Public Works, which accounts for 54.01 percent of the total in 2007 and 51.93 percent in 2006, represents costs associated with maintaining the Township's roads and bridges. General Government, which accounts for 23.08 of the total in 2007 and 29.97 in 2006, represents the overhead costs of running the Township and the support services provided for the other Township activities. These include the board of trustees and the fiscal officer, 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.

If you look at the 2007 Statement of Activities on page 10 and the 2006 Statement of Activities on page 16 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 next column of the Statement entitled Program Receipts identify grants received by the Township that must be used to provide a specific service. 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.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
General Government	\$41,979	\$41,979	\$47,916	\$47,916
Public Safety	16,122	16,122	14,857	14,857
Public Works	98,049	(8,768)	82,980	(15,948)
Health	1,480	1,480	1,360	1,360
Other	93	93	0	0
Principal Retirement	23,300	23,300	11,700	11,700
Interest and Fiscal Charges	656	656	1,012	1,012
<b>Total Expenses</b>	<u><u>\$181,679</u></u>	<u><u>\$74,862</u></u>	<u><u>\$159,825</u></u>	<u><u>\$60,897</u></u>

It should be noted that 60.93 percent of the costs of services for 2007 and 64.38 percent for 2006, are derived from program receipts including operating grants and contributions.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2007 and 2006**  
**Unaudited**

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**The Township's Funds**

Total governmental funds had receipts of \$199,084 and disbursements of \$181,679 in 2007. There was a small increase in fund balances for 2007.

Total governmental funds had receipts of \$180,797 and disbursements of \$159,825 in 2006. There was a small margin of difference between the receipts and disbursements for 2006.

**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.

For the General Fund final budgeted receipts for 2007 were \$77,921 representing an increase from the original budgeted receipts of \$10,665 or 15.86 percent, while actual receipts were \$77,921.

General Fund final disbursements were budgeted at \$72,440 for 2007 representing an increase from the original budgeted disbursements of \$5,184 or 7.70 percent, while actual disbursements were \$69,302. The difference between final budgeted disbursements and actual disbursements was \$3,138 or 4.52 percent.

For the General Fund final budgeted receipts for 2006 were \$69,510 representing an increase from the original budgeted receipts of \$6,068 or 9.56 percent, while actual receipts were \$69,510.

General Fund final disbursements were budgeted at \$72,860 for 2006 representing an increase from the original budgeted disbursements of \$1,000 or 1.39 percent, while actual disbursements were \$65,706. The difference between final budgeted disbursements and actual disbursements was \$7,154 or 10.89 percent.

**Debt Administration**

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

At December 31, 2006, the Township had a total of \$23,300 in outstanding 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. As indicated in the preceding financial information, the Township relies heavily on local taxes and intergovernmental receipts to operate at the current level of services.

**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 Ruth A. Milhone, Fiscal Officer for Raccoon Township, Gallia County, Ohio at 1856 Pleasant Valley Road, P.O. Box 313, Rio Grande, OH 45674

**RACCOON TOWNSHIP, GALLIA COUNTY**

*Statement of Net Assets - Cash Basis*

*December 31, 2007*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$149,561</u>
<i>Total Assets</i>	<u>149,561</u>
<b><u>Net Assets:</u></b>	
<i>Restricted for:</i>	
Other Purposes	89,280
Unrestricted	<u>60,281</u>
<i>Total Net Assets</i>	<u><u>\$149,561</u></u>

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2007*

	<u>Disbursements</u>	<u>Program Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b><u>Governmental Activities:</u></b>			
General Government	\$41,979	\$0	(\$41,979)
Public Safety	16,122	0	(16,122)
Public Works	98,049	106,817	8,768
Health	1,480	0	(1,480)
Other	93	0	(93)
Principal Retirement	23,300	0	(23,300)
Interest and Fiscal Charges	656	0	(656)
<i>Total Governmental Activities</i>	<u>\$181,679</u>	<u>\$106,817</u>	<u>(74,862)</u>
<b><u>General Receipts:</u></b>			
Property Taxes			49,676
Grants and Entitlements not Restricted to Specific Programs			39,983
Sale of Capital Assets			1,800
Earnings on Investments			717
Miscellaneous			91
<i>Total General Receipts</i>			<u>92,267</u>
Change in Net Assets			17,405
<i>Net Assets at Beginning of Year</i>			<u>132,156</u>
<i>Net Assets at End of Year</i>			<u>\$149,561</u>

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	General	Motor Vehicle License	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$60,281	\$18,945	\$65,102	\$5,233	\$149,561
<i>Total Assets</i>	<u>\$60,281</u>	<u>\$18,945</u>	<u>\$65,102</u>	<u>\$5,233</u>	<u>\$149,561</u>
<b><u>Fund Balances:</u></b>					
<i>Unreserved</i>					
General Fund	\$60,281	\$0	\$0	\$0	\$60,281
Special Revenue Funds	0	18,945	65,102	5,233	89,280
<i>Total Fund Balances</i>	<u>\$60,281</u>	<u>\$18,945</u>	<u>\$65,102</u>	<u>\$5,233</u>	<u>\$149,561</u>

See accompanying notes to the basic financial statements.



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

	General	Motor Vehicle License	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>					
Property Taxes and Other Local Taxes	\$39,758	\$0	\$0	\$9,918	\$49,676
Intergovernmental	37,724	13,178	93,639	2,259	146,800
Earnings on Investments	347	109	261	0	717
Other	91	0	0	0	91
<i>Total Receipts</i>	<u>77,920</u>	<u>13,287</u>	<u>93,900</u>	<u>12,177</u>	<u>197,284</u>
<b><u>Disbursements:</u></b>					
<i>Current:</i>					
General Government	41,603	0	0	376	41,979
Public Safety	0	0	0	16,122	16,122
Public Works	17,704	10,398	69,947	0	98,049
Health	1,480	0	0	0	1,480
Other	0	0	0	93	93
<i>Debt Service:</i>					
Principal Retirement	8,270	2,285	12,745	0	23,300
Interest and Fiscal Charges	245	0	411	0	656
<i>Total Disbursements</i>	<u>69,302</u>	<u>12,683</u>	<u>83,103</u>	<u>16,591</u>	<u>181,679</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	8,618	604	10,797	(4,414)	15,605
<b><u>Other Financing Sources (Uses):</u></b>					
Proceeds from the Sale of Capital Assets	0	0	1,800	0	1,800
<i>Total Other Financing Sources (Uses):</i>	<u>0</u>	<u>0</u>	<u>1,800</u>	<u>0</u>	<u>1,800</u>
<i>Net Change in Fund Balances</i>	8,618	604	12,597	(4,414)	17,405
<i>Fund Balances at Beginning of Year</i>	<u>51,663</u>	<u>18,341</u>	<u>52,505</u>	<u>9,647</u>	<u>132,156</u>
<i>Fund Balances at End of Year</i>	<u>\$60,281</u>	<u>\$18,945</u>	<u>\$65,102</u>	<u>\$5,233</u>	<u>\$149,561</u>

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA 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		
<b><u>Receipts:</u></b>				
Property Taxes	\$39,014	\$39,758	\$39,758	\$0
Intergovernmental	27,922	37,724	37,724	0
Earnings on Investments	320	347	347	0
Other	0	91	91	0
<i>Total Receipts</i>	<u>67,256</u>	<u>77,920</u>	<u>77,920</u>	<u>0</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	46,416	43,933	41,603	2,330
Public Works	4,000	17,880	17,704	176
Health	3,240	1,720	1,480	240
Capital Outlay	11,700	0	0	0
<i>Debt Service:</i>				
Principal Retirement	1,900	8,662	8,270	392
Interest and Fiscal Charges	0	245	245	0
<i>Total Disbursements</i>	<u>67,256</u>	<u>72,440</u>	<u>69,302</u>	<u>3,138</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	0	5,480	8,618	3,138
<i>Fund Balance at Beginning of Year</i>	<u>51,663</u>	<u>51,663</u>	<u>51,663</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$51,663</u></u>	<u><u>\$57,143</u></u>	<u><u>\$60,281</u></u>	<u><u>\$3,138</u></u>

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Motor Vehicle License Tax Fund**  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$12,985	\$13,178	\$13,178	\$0
Earnings on Investments	90	109	109	0
<i>Total Receipts</i>	13,075	13,287	13,287	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	12,683	10,398	10,398	0
<i>Debt Service:</i>				
Principal Retirement	0	2,285	2,285	0
<i>Total Disbursements</i>	12,683	12,683	12,683	0
<i>Excess of Receipts Over (Under) Disbursements</i>	392	604	604	0
<i>Fund Balance at Beginning of Year</i>	18,341	18,341	18,341	0
<i>Fund Balance at End of Year</i>	\$18,733	\$18,945	\$18,945	\$0

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA 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>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Intergovernmental	\$79,900	\$93,639	\$93,639	\$0
Earnings on Investments	300	261	261	0
<i>Total Receipts</i>	<u>80,200</u>	<u>93,900</u>	<u>93,900</u>	<u>0</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	74,889	70,143	69,947	196
<i>Debt Service:</i>				
Principal Retirement	11,700	12,745	12,745	0
Interest and Fiscal Charges	1,000	411	411	0
<i>Total Disbursements</i>	<u>87,589</u>	<u>83,299</u>	<u>83,103</u>	<u>196</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(7,389)	10,601	10,797	196
<b><u>Other Financing Sources:</u></b>				
Proceeds from the Sale of Capital Assets	0	1,800	1,800	0
<i>Total Other Financing Sources</i>	0	1,800	1,800	0
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</i>	(7,389)	12,401	12,597	196
<i>Fund Balance at Beginning of Year</i>	<u>52,505</u>	<u>52,505</u>	<u>52,505</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$45,116</u></u>	<u><u>\$64,906</u></u>	<u><u>\$65,102</u></u>	<u><u>\$196</u></u>

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA COUNTY**

*Statement of Net Assets - Cash Basis*

*December 31, 2006*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$132,156</u>
<i>Total Assets</i>	<u>132,156</u>
<b><u>Net Assets:</u></b>	
<i>Restricted for:</i>	
Other Purposes	80,493
Unrestricted	<u>51,663</u>
<i>Total Net Assets</i>	<u><u>\$132,156</u></u>

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA COUNTY**

*Statement of Activities - Cash Basis*

*For the Year Ended December 31, 2006*

	<u>Disbursements</u>	<u>Program Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b><u>Governmental Activities:</u></b>			
General Government	\$47,916	\$0	(\$47,916)
Public Safety	14,857	0	(14,857)
Public Works	82,980	98,928	15,948
Health	1,360	0	(1,360)
Principal Retirement	11,700	0	(11,700)
Interest and Fiscal Charges	1,012	0	(1,012)
	<u>                  </u>	<u>                  </u>	<u>                  </u>
<i>Total Governmental Activities</i>	<u><u>\$159,825</u></u>	<u><u>\$98,928</u></u>	<u><u>(60,897)</u></u>
<b><u>General Receipts:</u></b>			
Property Taxes			50,046
Grants and Entitlements not Restricted to Specific Programs			30,898
Earnings on Investments			654
Miscellaneous			271
			<u>                  </u>
<i>Total General Receipts</i>			<u>81,869</u>
Change in Net Assets			20,972
<i>Net Assets at Beginning of Year</i>			<u>111,184</u>
<i>Net Assets at End of Year</i>			<u><u>\$132,156</u></u>

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Motor Vehicle License	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$51,663	\$18,341	\$52,505	\$9,647	\$132,156
<i>Total Assets</i>	<u>\$51,663</u>	<u>\$18,341</u>	<u>\$52,505</u>	<u>\$9,647</u>	<u>\$132,156</u>
<b><u>Fund Balances:</u></b>					
<i>Unreserved:</i>					
General Fund	\$51,663	\$0	\$0	\$0	\$51,663
Special Revenue Funds	0	18,341	52,505	9,647	80,493
<i>Total Fund Balances</i>	<u>\$51,663</u>	<u>\$18,341</u>	<u>\$52,505</u>	<u>\$9,647</u>	<u>\$132,156</u>

See accompanying notes to the basic financial statements.

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

	General	Motor Vehicle License	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>					
Property Taxes	\$39,794	\$0	\$0	\$10,252	\$50,046
Intergovernmental	29,358	13,383	85,545	1,540	129,826
Earnings on Investments	317	87	250	0	654
Miscellaneous	41	0	0	230	271
<i>Total Receipts</i>	<u>69,510</u>	<u>13,470</u>	<u>85,795</u>	<u>12,022</u>	<u>180,797</u>
<b><u>Disbursements:</u></b>					
<i>Current:</i>					
General Government	47,634	0	0	282	47,916
Public Safety	0	0	0	14,857	14,857
Public Works	4,000	12,171	66,809	0	82,980
Health	1,360	0	0	0	1,360
<i>Debt Service:</i>					
Principal Retirement	11,700	0	0	0	11,700
Interest and Fiscal Charges	1,012	0	0	0	1,012
<i>Total Disbursements</i>	<u>65,706</u>	<u>12,171</u>	<u>66,809</u>	<u>15,139</u>	<u>159,825</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	3,804	1,299	18,986	(3,117)	20,972
<i>Fund Balances at Beginning of Year</i>	<u>47,859</u>	<u>17,042</u>	<u>33,519</u>	<u>12,764</u>	<u>111,184</u>
<i>Fund Balances at End of Year</i>	<u><u>\$51,663</u></u>	<u><u>\$18,341</u></u>	<u><u>\$52,505</u></u>	<u><u>\$9,647</u></u>	<u><u>\$132,156</u></u>

See accompanying notes to the basic financial statements.



**RACCOON TOWNSHIP, GALLIA 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		
<b><u>Receipts:</u></b>				
Property Taxes	\$41,267	\$39,794	\$39,794	\$0
Intergovernmental	22,174	29,358	29,358	0
Earnings on Investments	0	317	317	0
Miscellaneous	0	41	41	0
<i>Total Receipts</i>	63,441	69,510	69,510	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	52,460	52,570	47,634	4,936
Public Safety	0	0	0	0
Public Works	3,400	4,000	4,000	0
Health	3,000	3,400	1,360	2,040
<i>Debt Service:</i>				
Principal Retirement	12,000	11,700	11,700	0
Interest and Fiscal Charges	1,000	1,190	1,012	178
<i>Total Disbursements</i>	71,860	72,860	65,706	7,154
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,419)	(3,350)	3,804	7,154
<i>Fund Balance at Beginning of Year</i>	47,859	47,859	47,859	0
<i>Fund Balance at End of Year</i>	\$39,440	\$44,509	\$51,663	\$7,154

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Motor Vehicle License Tax Fund**  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$13,000	\$13,383	\$13,383	\$0
Earnings on Investments	60	87	87	0
<i>Total Receipts</i>	13,060	13,470	13,470	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	26,050	26,050	12,171	13,879
<i>Total Disbursements</i>	26,050	26,050	12,171	13,879
<i>Excess of Receipts Over (Under) Disbursements</i>	(12,990)	(12,580)	1,299	13,879
<i>Fund Balance at Beginning of Year</i>	17,042	17,042	17,042	0
<i>Fund Balance at End of Year</i>	\$4,052	\$4,462	\$18,341	\$13,879

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA 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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$60,910	\$85,545	\$85,545	\$0
Earnings on Investments	150	250	250	0
<i>Total Receipts</i>	61,060	85,795	85,795	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	81,578	81,578	66,809	14,769
Capital Outlay	12,000	0	0	0
<i>Debt Service:</i>				
Principal Retirement	1,000	12,000	0	12,000
Interest and Fiscal Charges	0	1,000	0	1,000
<i>Total Disbursements</i>	94,578	94,578	66,809	27,769
<i>Excess of Receipts Over (Under) Disbursements</i>	(33,518)	(8,783)	18,986	27,769
<i>Fund Balance at Beginning of Year</i>	33,519	33,519	33,519	0
<i>Fund Balance at End of Year</i>	\$1	\$24,736	\$52,505	\$27,769

See accompanying notes to the basic financial statements.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2007 and 2006**

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**Note 1 – Reporting Entity**

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

The Township provides general government services, maintenance of Township roads, maintenance of cemeteries and fire protection. The Gallia County Sheriff's Department provides the township with protection at no cost to the township.

The primary government consists of all departments, boards and agencies that are not legally separate from the Township.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk-sharing pool. Note 6 to the financial statements provide additional information for this entity.

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 modified cash basis of accounting. In the government-wide financial statements, 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 modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its governmental activities. Following are the more significant of the Township's accounting policies.

**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 primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type activities.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. 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 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 divided into one category, governmental.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses, and balances of current financial resources.

The following is 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.

**Motor Vehicle License Tax Fund** – This fund receives motor vehicle license tax money to pay for constructing, maintaining and repairing Township roads and bridges.

**Gasoline Tax Fund** – This fund is comprised of taxes on the sale of gasoline which is distributed to the township based upon road mileage determined by the State. The Township uses the Gasoline Tax Fund for the repair and maintenance of township roads.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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

**C. Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. 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.

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 expenses and liabilities) 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 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 Clerk. 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**

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 of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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 (contra revenue), respectively.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2007 and 2006**

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions.

**F. Inventory and Prepaid Items**

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

**G. 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.

**H. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**L. Special Items**

Special items are transactions or events that are within the control of the Township and that are not unusual in nature or infrequent in occurrence.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2007 and 2006**

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

**M. 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 state grants reported in special revenue funds.

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.

**N. Fund Balance Reserves**

The Township 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.

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**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, Motor Vehicle License Tax Fund and Gasoline Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the 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.



**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2007 and 2006**

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**Note 4 – Deposits and Investments** (continued)

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;
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. Payment for investment may be made only upon delivery of the securities representing the investments to the treasurer of qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposits and Investment Risk Disclosures."

**Deposits:** Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

At December 31, 2007, the carrying amount of all Township deposits was \$149,561. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of December 31, 2007, \$56,688 of the Township's bank balance of \$156,688 was exposed to custodial risk as discussed above, while \$100,000 was covered by Federal Deposit Insurance. The \$56,688 exposed to custodial risk was collateralized with securities held by the Township or its agency in the Township's name.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2007 and 2006**

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**Note 4 – Deposits and Investments** (continued)

At December 31, 2006, the carrying amount of all Township deposits was \$132,156. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2006, \$36,929 of the Township’s bank balance of \$136,929 was exposed to custodial risk as discussed above, while \$100,000 was covered by Federal Deposit Insurance. The \$36,929 exposed to custodial risk was collateralized with securities held by the Township or its agency in the Township’s name.

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**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. 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 2006 became a lien on December 31, 2003, 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 25 percent of true value for capital assets and 23 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 Township operations for the year ended December 31, 2007, was \$2.40 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:

	2007	2006
Real Property		
Residential & Agriculture	\$16,122,300	\$16,053,200
Commercial/Industrial/Mineral	1,172,080	1,140,850
Public Utility Property		
Personal	1,810,290	1,861,350
Tangible Personal Property	354,478	468,850
Total Assessed Value	\$19,459,148	\$19,524,250

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2007 and 2006**

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**Note 6 – 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 the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

Legal Liability	\$2,000,000	Limit
Automobile Liability	2,000,000	Limit
Wrongful Acts	2,000,000	Limit
Property	59,900	Total Coverage

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

The Township also provides health insurance coverage to full-time employees through United Healthcare and life insurance through Humana.

**Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Coverage**

Through 2007, OTARMA retained property risks, including automobile physical damage, up to \$100,000 of any specific loss in any one occurrence. The Travelers Indemnity Company reinsured specific losses exceeding \$100,000 up to \$600 million per occurrence.

Beginning in 2007, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 and 2005 (latest information available) was \$1,901,127 and \$1,712,113, respectively.

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

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

**RACCOON TOWNSHIP, GALLIA COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2007 and 2006**

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**Note 6 – Risk Management** (continued)

**Financial Position**

OTARMA’s financial statements (audited by other accountants) conform with the generally accepted accounting principles, and reported the following assets, liabilities and retained earning at December 31, 2006 and 2005 (latest information available):

<u>Casualty Coverage</u>	2006	2005
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained Earnings	\$20,587,360	\$18,141,062
<u>Property Coverage</u>	2006	2005
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained Earnings	\$9,334,254	\$7,771,765

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed approximately 958 member townships in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township’s share of these unpaid claims collectible in future years is approximately \$11,000. This payable includes the subsequent year’s contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Township Contributions to OTARMA</u>	
2005	\$3,819
2006	\$5,567
2007	\$5,557

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

**RACCOON TOWNSHIP, GALLIA COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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**Note 7 – Defined Benefit Pension Plan**

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, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.75 percent. The Township's contribution rate for pension benefits for 2007 was 7.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.85 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2006 was 9.20 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 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, 2007, 2006, and 2005 were \$3,141, \$3,681 and \$2,917 respectively. The full amount has been contributed for 2007, 2006 and 2005.

**RACCOON TOWNSHIP, GALLIA COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2007 and 2006*

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**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 (17.17 percent for public safety and law enforcement); 6.00 percent of covered payroll was the portion that was used to fund health care. The 2006 local government employer contribution rate was 13.70 percent of covered payroll (16.93 percent for public safety and law enforcement); 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, 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 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 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.

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 post employment benefits were \$2,401. Actual employer contributions for 2006 which were used to fund post employment benefits were \$1,801. The actual contribution and the actuarially required contribution amounts are the same. The actual value of OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) was \$10.8 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 – Contingent Liabilities**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 10 – Subsequent Events**

In February 2008, the Board of Trustees approved the purchase of a new case loader/backhoe. The Board of Trustees approved the down payment of \$20,000 from the Gasoline Tax Fund and the issuance of a note with Peoples Bank in the amount of \$44,751 at 3.99% interest rate, to fund the remaining portion of the purchase.

**Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards**

Board of Trustees  
Raccoon Township, Gallia County  
P.O. Box 313  
1856 Pleasant Valley Road  
Rio Grande, Ohio 45674

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Raccoon Township (the Township), Gallia County as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 3, 2008. As discussed in Note 2, the Township followed the cash basis of accounting which is a comprehensive basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting 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.

Board of Trustees  
Raccoon Township, Gallia County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards

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

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

March 3, 2008





**Mary Taylor, CPA**  
Auditor of State

**RACCOON TOWNSHIP**

**GALLIA 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 6, 2008**