



RACCOON TOWNSHIP, GALLIA COUNTY

Regular Audit

**For the Years Ended
December 31, 2009 and 2008**

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, 2008 through December 31, 2009. 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

July 9, 2010

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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, 2009 and 2008, 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, 2009 and 2008, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Gasoline Tax Fund for the years 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 May 30, 2010 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.

May 30, 2010

RACCOON TOWNSHIP, GALLIA COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

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, 2009 and 2008, 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.

Highlights

Key highlights for 2009 are as follows:

Net assets of governmental activities decreased \$24,673, or 8.67 percent.

Program receipts accounted for \$99,275 or 52.73 percent of total receipts. General receipts accounted for \$89,002 or 47.27 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 \$212,950 in disbursements; \$99,275 of these disbursements was offset by programs specific operating grants and contributions. General receipts of \$89,002 were utilized to provide for these programs.

Among the major funds, the Gasoline Tax Fund is the most significant with \$86,908 in receipts and \$100,312 in disbursements.

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$135,169, or 90.38 percent.

Program receipts accounted for \$101,470 or 27.59 percent of total receipts. General receipts accounted for \$266,249 or 72.41 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 \$232,550 in disbursements; \$97,470 of these disbursements was offset by programs specific operating grants and contributions. General receipts of \$266,249 were utilized to provide for these programs.

Among the major funds, the General Fund is the most significant with \$213,135 in receipts and \$63,305 in disbursements.

RACCOON TOWNSHIP, GALLIA COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

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 2009 and 2008, 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 taxes.

RACCOON TOWNSHIP, GALLIA COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

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 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 2009 compared to 2008 and 2007 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2009	2008	2007
Assets			
Cash and Cash Equivalents	\$ 260,057	\$ 284,730	\$ 149,561
Total Assets	260,057	284,730	149,561
Net Assets			
<i>Restricted for:</i>			
Other Purposes	48,439	74,619	89,280
Unrestricted	211,618	210,111	60,281
Total Net Assets	\$260,057	\$284,730	\$149,561

RACCOON TOWNSHIP, GALLIA COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

As mentioned previously, net assets decreased \$24,673 or 8.67 percent during 2009 and increased \$135,169 or 90.38 percent during 2008. The primary reasons contributing to the changes in cash balances are as follows:

- The Township received an estate tax disbritations during 2008 of \$141,777 which led to the increase in net assets.
- Receipts decreased more than the disbursements decreased for the Township in 2009, which resulted in a decrease in net assets for the year.

Table 2 reflects the changes in net assets in 2009 and 2008 and 2007.

	Governmental Activities		
	2009	2008	2007
<u>Receipts:</u>			
<i>Program Receipts:</i>			
Operating Grants and Contributions	\$99,275	\$101,470	\$106,817
Total Program Receipts	99,275	101,470	106,817
<i>General Receipts:</i>			
Property and Other Local Taxes	55,328	47,814	49,676
Grants and Entitlements Not Restricted to Specific Programs	30,450	172,652	39,983
Sale of Fixed Assets	0	0	1,800
Interest	3,083	983	717
Increase of Notes	0	44,751	0
Miscellaneous	141	49	91
Total General Receipts	89,002	266,249	92,267
Total Receipts	188,277	367,719	199,084
<u>Disbursements:</u>			
General Government	40,948	53,498	41,979
Public Safety	25,505	13,851	16,122
Public Works	126,552	83,453	98,049
Health	4,061	2,450	1,480
Other	15	0	93
Capital Outlay	0	64,751	0
Principal Retirement	14,812	13,106	23,300
Interest and Fiscal Charges	1,057	1,441	656
Total Disbursements	212,950	232,550	181,679
Increase (Decrease) in Net Assets	(24,673)	135,169	17,405
Net Assets, January 1, 2009	284,730	149,561	132,156
Net Assets, December 31, 2009	\$260,057	\$284,730	\$149,561

RACCOON TOWNSHIP, GALLIA COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Governmental Activities

Program receipts represent 52.73 percent of total receipts for 2009 and 27.59 percent of total receipts for 2008. Program receipts are primarily comprised of gasoline tax receipts and motor vehicle license fees.

General receipts represent 47.27 percent of total receipts for 2009 and 72.41 percent of total receipts for 2008. General receipts are comprised of property taxes, grants and entitlements not restricted to specific programs, interest and miscellaneous receipts. Property taxes represent 29.39 percent of total receipts in 2009 and 13.00 percent in 2008. Grants and entitlements not restricted to specific programs represent 16.17 percent of total receipts in 2009 and 46.95 percent in 2008.

The most significant program disbursements for the Township are Public Works and General Government. These programs account for 78.72 percent of total disbursements in 2009 and 58.88 percent in 2008. Public Works, which accounts for 59.43 percent of the total in 2009 and 35.88 percent in 2008, represents costs associated with maintaining the Township's roads and bridges. General Government, which accounts for 19.29 of the total in 2009 and 23.00 in 2008, 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 2009 Statement of Activities on page 10 and the 2008 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.

	Governmental Activities					
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2009	2009	2008	2008	2007	2007
General Government	\$40,948	\$40,948	\$53,498	\$53,498	\$41,979	\$41,979
Public Safety	25,505	25,505	13,851	13,851	16,122	16,122
Public Works	126,552	27,277	83,453	(18,017)	98,049	(8,768)
Health	4,061	4,061	2,450	2,450	1,480	1,480
Capital Outlay	0	0	64,751	64,751	0	0
Other	15	15	0	0	93	93
Principal Retirement	14,812	14,812	13,106	13,106	23,300	23,300
Interest and Fiscal Charges	1,057	1,057	1,441	1,441	656	656
Total Expenses	\$212,950	\$113,675	\$232,550	\$131,080	\$181,679	\$74,862

It should be noted that 46.62 percent of the costs of services for 2009 and 43.65 percent for 2008, 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, 2009 and 2008
Unaudited

The Township's Funds

Total governmental funds had receipts of \$188,277 and disbursements of \$212,950 in 2009. There was a small decrease in fund balances for 2009.

Total governmental funds had receipts of \$322,968 and disbursements of \$232,550 in 2008. There was a large increase in fund balance for 2008, due to the receipt of a large estate tax during 2008.

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 2009 were \$73,631 representing a decrease from the original budgeted receipts of \$770 or 1.03 percent, while actual receipts were \$73,631.

General Fund final disbursements were budgeted at \$73,701 for 2009 representing a decrease from the original budgeted disbursements of \$294 or 0.40 percent, while actual disbursements were \$72,124. The difference between final budgeted disbursements and actual disbursements was \$1,977 or 2.67 percent.

For the General Fund final budgeted receipts for 2008 were \$213,135 representing an increase from the original budgeted receipts of \$80,381 or 60.55 percent, while actual receipts were \$213,135.

General Fund final disbursements were budgeted at \$63,325 for 2008 representing a decrease from the original budgeted disbursements of \$9,149 or 12.62 percent, while actual disbursements were \$63,305. The difference between final budgeted disbursements and actual disbursements was \$20 or 0.03 percent.

Debt Administration

At December 31, 2009, the Township had a total of \$16,833 in outstanding debt.

At December 31, 2008, the Township had a total of \$31,645 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, 2009

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$260,057</u>
<i>Total Assets</i>	<u>260,057</u>
<u>Net Assets:</u>	
<i>Restricted for:</i>	
Other Purposes	48,439
Unrestricted	<u>211,618</u>
<i>Total Net Assets</i>	<u><u>\$260,057</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, 2009*

	Disbursements	Program Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>			
General Government	\$40,948	\$0	(\$40,948)
Public Safety	25,505	0	(25,505)
Public Works	126,552	99,275	(27,277)
Health	4,061	0	(4,061)
Other	15	0	(15)
Principal Retirement	14,812	0	(14,812)
Interest and Fiscal Charges	1,057	0	(1,057)
<i>Total Governmental Activities</i>	\$212,950	\$99,275	(113,675)
<u>General Receipts:</u>			
Property Taxes			55,328
Grants and Entitlements not Restricted to Specific Programs			30,450
Earnings on Investments			3,083
Miscellaneous			141
			align="right">89,002
<i>Total General Receipts</i>			89,002
Change in Net Assets			(24,673)
<i>Net Assets at Beginning of Year</i>			284,730
<i>Net Assets at End of Year</i>			\$260,057

See accompanying notes to the basic financial statements.

RACCOON TOWNSHIP, GALLIA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$211,618	\$36,791	\$11,648	\$260,057
<i>Total Assets</i>	<u>\$211,618</u>	<u>\$36,791</u>	<u>\$11,648</u>	<u>\$260,057</u>
 <u>Fund Balances:</u>				
<i>Unreserved</i>				
General Fund	\$211,618	\$0	\$0	\$211,618
Special Revenue Funds	0	36,791	11,648	48,439
<i>Total Fund Balances</i>	<u>\$211,618</u>	<u>\$36,791</u>	<u>\$11,648</u>	<u>\$260,057</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, 2009

	General	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>				
Property Taxes and Other Local Taxes	\$42,126	\$0	\$13,202	\$55,328
Intergovernmental	28,378	86,835	14,512	129,725
Earnings on Investments	2,986	73	24	3,083
Other	141	0	0	141
<i>Total Receipts</i>	<u>73,631</u>	<u>86,908</u>	<u>27,738</u>	<u>188,277</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	40,525	0	423	40,948
Public Safety	11,980	0	13,525	25,505
Public Works	15,558	84,443	26,551	126,552
Health	4,061	0	0	4,061
Other	0	0	15	15
<i>Debt Service:</i>				
Principal Retirement	0	14,812	0	14,812
Interest and Fiscal Charges	0	1,057	0	1,057
<i>Total Disbursements</i>	<u>72,124</u>	<u>100,312</u>	<u>40,514</u>	<u>212,950</u>
<i>Net Change in Fund Balances</i>	1,507	(13,404)	(12,776)	(24,673)
<i>Fund Balances at Beginning of Year</i>	<u>210,111</u>	<u>50,195</u>	<u>24,424</u>	<u>284,730</u>
<i>Fund Balances at End of Year</i>	<u><u>\$211,618</u></u>	<u><u>\$36,791</u></u>	<u><u>\$11,648</u></u>	<u><u>\$260,057</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, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$42,933	\$42,126	\$42,126	\$0
Intergovernmental	28,378	28,378	28,378	0
Earnings on Investments	2,986	2,986	2,986	0
Other	104	141	141	0
<i>Total Receipts</i>	74,401	73,631	73,631	0
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	42,184	41,890	40,525	1,365
Public Safety	11,980	11,980	11,980	0
Public Works	15,558	15,558	15,558	0
Health	4,673	4,673	4,061	612
<i>Total Disbursements</i>	74,395	74,101	72,124	1,977
<i>Excess of Receipts Over (Under) Disbursements</i>	6	(470)	1,507	1,977
<i>Fund Balance at Beginning of Year</i>	210,111	210,111	210,111	0
<i>Fund Balance at End of Year</i>	\$210,117	\$209,641	\$211,618	\$1,977

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, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Intergovernmental	\$86,835	\$86,835	\$86,835	\$0
Earnings on Investments	73	73	73	0
<i>Total Receipts</i>	<u>86,908</u>	<u>86,908</u>	<u>86,908</u>	<u>0</u>
<u>Disbursements:</u>				
<i>Current:</i>				
Public Works	84,515	95,516	84,443	11,073
<i>Debt Service:</i>				
Principal Retirement	14,812	14,812	14,812	0
Interest and Fiscal Charges	1,057	1,057	1,057	0
<i>Total Disbursements</i>	<u>100,384</u>	<u>111,385</u>	<u>100,312</u>	<u>11,073</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(13,476)	(24,477)	(13,404)	
<i>Fund Balance at Beginning of Year</i>	<u>50,195</u>	<u>50,195</u>	<u>50,195</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$36,719</u></u>	<u><u>\$25,718</u></u>	<u><u>\$36,791</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

RACCOON TOWNSHIP, GALLIA COUNTY

Statement of Net Assets - Cash Basis

December 31, 2008

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$284,730</u>
<i>Total Assets</i>	<u>284,730</u>
<u>Net Assets:</u>	
<i>Restricted for:</i>	
Other Purposes	74,619
Unrestricted	<u>210,111</u>
<i>Total Net Assets</i>	<u><u>\$284,730</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, 2008

	General	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$210,111	\$50,195	\$24,424	\$284,730
<i>Total Assets</i>	<u>\$210,111</u>	<u>\$50,195</u>	<u>\$24,424</u>	<u>\$284,730</u>
 <u>Fund Balances:</u>				
<i>Unreserved:</i>				
General Fund	\$210,111	\$0	\$0	\$210,111
Special Revenue Funds	0	50,195	24,424	74,619
<i>Total Fund Balances</i>	<u>\$210,111</u>	<u>\$50,195</u>	<u>\$24,424</u>	<u>\$284,730</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, 2008

	General	Gasoline Tax	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>				
Property Taxes	\$38,213	\$0	\$9,601	\$47,814
Intergovernmental	174,068	84,613	15,441	274,122
Earnings on Investments	805	124	54	983
Miscellaneous	49	0	0	49
<i>Total Receipts</i>	<u>213,135</u>	<u>84,737</u>	<u>25,096</u>	<u>322,968</u>
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	53,250	0	248	53,498
Public Safety	0	0	13,851	13,851
Public Works	6,282	66,420	10,751	83,453
Health	2,450	0	0	2,450
Capital Outlay	0	64,751	0	64,751
<i>Debt Service:</i>				
Principal Retirement	1,210	11,896	0	13,106
Interest and Fiscal Charges	113	1,328	0	1,441
<i>Total Disbursements</i>	<u>63,305</u>	<u>144,395</u>	<u>24,850</u>	<u>232,550</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	149,830	(59,658)	246	90,418
<u>Other Financing Sources:</u>				
Issuance of Note	0	44,751	0	44,751
<i>Total Other Financing Sources</i>	<u>0</u>	<u>44,751</u>	<u>0</u>	<u>44,751</u>
<i>Net Change in Fund Balances</i>	149,830	(14,907)	246	135,169
<i>Fund Balances at Beginning of Year</i>	<u>60,281</u>	<u>65,102</u>	<u>24,178</u>	<u>149,561</u>
<i>Fund Balances at End of Year</i>	<u>\$210,111</u>	<u>\$50,195</u>	<u>\$24,424</u>	<u>\$284,730</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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$38,213	\$38,213	\$38,213	\$0
Intergovernmental	93,687	174,068	174,068	0
Earnings on Investments	805	805	805	0
Miscellaneous	49	49	49	0
<i>Total Receipts</i>	132,754	213,135	213,135	0
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	62,419	53,270	53,250	20
Public Works	6,282	6,282	6,282	0
Health	2,450	2,450	2,450	0
<i>Debt Service:</i>				
Principal Retirement	1,210	1,210	1,210	0
Interest and Fiscal Charges	113	113	113	0
<i>Total Disbursements</i>	72,474	63,325	63,305	20
<i>Excess of Receipts Over (Under) Disbursements</i>	60,280	149,810	149,830	20
<i>Fund Balance at Beginning of Year</i>	60,281	60,281	60,281	0
<i>Fund Balance at End of Year</i>	\$120,561	\$210,091	\$210,111	\$20

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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$80,076	\$84,613	\$84,613	\$0
Earnings on Investments	124	124	124	0
<i>Total Receipts</i>	80,200	84,737	84,737	0
<u>Disbursements:</u>				
<i>Current:</i>				
Public Works	66,431	66,431	66,420	11
Capital Outlay	0	64,751	64,751	0
<i>Debt Service:</i>				
Principal Retirement	12,441	12,441	11,896	545
Interest and Fiscal Charges	1,328	1,328	1,328	0
<i>Total Disbursements</i>	80,200	144,951	144,395	556
<i>Excess of Receipts Over (Under) Disbursements</i>	0	(60,214)	(59,658)	556
<u>Other Financing Sources (Uses):</u>				
Other Financing Sources	0	44,751	44,751	0
<i>Total Other Financing Sources (Uses)</i>	0	44,751	44,751	0
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	0	(15,463)	(14,907)	556
<i>Fund Balance at Beginning of Year</i>	65,102	65,102	65,102	0
<i>Fund Balance at End of Year</i>	\$65,102	\$49,639	\$50,195	\$556

See accompanying notes to the basic financial statements.

RACCOON TOWNSHIP, GALLIA COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

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, 2009 and 2008

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.

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, 2009 and 2008

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, 2009 and 2008

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, 2009 and 2008

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, 2009 and 2008

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, 2009, the carrying amount of all Township deposits was \$260,057. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of December 31, 2009, \$19,329 of the Township's bank balance of \$269,329 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$19,329 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, 2009 and 2008

Note 4 – Deposits and Investments (continued)

At December 31, 2008, the carrying amount of all Township deposits was \$284,730. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2008, \$44,034 of the Township’s bank balance of \$294,034 was exposed to custodial risk as discussed above, while \$250,000 was covered by Federal Deposit Insurance. The \$44,034 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 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, 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 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2007, were levied after October 1, 2008, 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 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. 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, 2009, was \$2.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

	2009	2008
Real Property		
Residential & Agriculture	\$17,392,340	\$16,273,710
Commercial/Industrial/Mineral	1,324,960	1,316,350
Public Utility Property	1,785,950	1,719,750
Personal Tangible Personal Property	213,799	264,840
Total Assessed Value	\$20,717,049	\$19,574,650

RACCOON TOWNSHIP, GALLIA COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Service Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

A. Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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

B. Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, 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 the future years is approximately \$7,234.

RACCOON TOWNSHIP, GALLIA COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 6 – Risk Management- (continued)

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>Contributions to OTARMA</u>	
2007	\$4,444
2008	4,633
2009	3,617

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

Note 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, 2009, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Township's contribution rate for pension benefits for 2009 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.63 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

RACCOON TOWNSHIP, GALLIA COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 7 – Defined Benefit Pension Plan- (continued)

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Township's contribution rate for pension benefits for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.4 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, 2009, 2008, and 2007 were \$6,306, \$4,735 and \$3,141 respectively. The full amount has been contributed for 2009, 2008 and 2007.

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 2009 local government employer contribution rate was 14.0 percent of covered payroll (17.63 percent for public safety and law enforcement); 7.0 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009 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, 2008, 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 3.00 percent annually for the next eight years and 4.00 percent annually after six years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans for December 31, 2009 and December 31, 2008 were 358,584 and 356,388 respectively. Actual employer contributions for 2009 and 2008, which were used to fund post employment benefits were \$4,080 and \$4,735 respectively. 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, 2008, (the latest information available) was \$29.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.9 billion and \$10.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

RACCOON TOWNSHIP, GALLIA COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 9 - Notes Payable

A summary of the note transactions for the year ended December 31, 2009, follows:

<u>Description of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-08</u>	<u>Issued in 2009</u>	<u>Retired In 2009</u>	<u>Principal Balance 12-31-09</u>
<i>General Obligation Note – Case Loader</i>	3.99%	\$31,645	\$0	\$14,812	\$16,833
		<u>\$31,645</u>	<u>\$0</u>	<u>\$14,812</u>	<u>\$16,833</u>

A summary of the note transactions for the year ended December 31, 2008, follows:

<u>Description of Issue</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-07</u>	<u>Issued in 2008</u>	<u>Retired In 2008</u>	<u>Principal Balance 12-31-08</u>
<i>General Obligation Note – Case Loader</i>	3.99%	\$0	\$44,751	\$13,106	\$31,645
		<u>\$0</u>	<u>\$44,751</u>	<u>\$13,106</u>	<u>\$31,645</u>

In 2008, the Township issued a general obligation note in the amount of \$44,751 to purchase a Case Loader.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ended December 31:</u>	<u>2008 Case Loader</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$14,202	\$446
2011	2,631	14
Total	<u>\$16,833</u>	<u>\$460</u>

Note 10 – 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.

**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 years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 30, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

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 did note certain matters not requiring inclusion in this report that we have reported to the Township in a separate letter dated May 30, 2010.

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.

May 30, 2010



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
JULY 22, 2010**