



Dave Yost • Auditor of State

**CLARIDON TOWNSHIP
GEAUGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements – 2009	
Government-wide Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2009	9
Statement of Activities – Cash Basis – For the Year Ended December 31, 2009	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2009.....	11
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2009	12
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund – For the Year Ended December 31, 2009.....	13
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Gasoline Tax Fund – For the Year Ended December 31, 2009	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Road and Bridge Fund – For the Year Ended December 31, 2009	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Fire Levy Fund – For the Year Ended December 31, 2009	16
Basic Financial Statements – 2008	
Government-wide Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2008	17
Statement of Activities – Cash Basis – For the Year Ended December 31, 2008	18
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2008.....	19
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2008	20

**CLARIDON TOWNSHIP
GEAUGA COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund – For the Year Ended December 31, 2008	21
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Gasoline Tax Fund – For the Year Ended December 31, 2008	22
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Road and Bridge Fund – For the Year Ended December 31, 2008	23
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual (Budget Basis) – Special Fire Levy Fund – For the Year Ended December 31, 2008	24
Notes to the Basic Financial Statements	25
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	37



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Claridon Township, Geauga County, Ohio (the Township), 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Claridon Township, Geauga County, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, Fire Levy and OPWC Issue 2 Funds and thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



Dave Yost
Auditor of State

February 4, 2011

Claridon Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

This discussion and analysis of Claridon Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2009 and December 31, 2008, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2009 and 2008 are as follows:

Net assets of governmental activities increased by \$85,920 or 10.68 percent in 2008 and decreased by \$3,539 or 0.40 percent in 2009. The fund most affected by these changes in cash and cash equivalents was the General Fund. This fund increased in 2008 by \$41,916 due to an increase in state grants, and decreased in 2009 by \$87,896, primarily due to a \$125,972 property purchase.

The Township's general receipts are primarily property taxes. These receipts represent 58.31 percent in 2008 and 65.62 percent in 2009 of the total general receipts received during the year. In 2008 and 2009, property tax receipts remained fairly constant, increasing by \$864 or 0.19 percent in 2008 compared to 2007, and decreasing by \$869 or 0.19 percent in 2009 compared to 2008.

The Township received grants from OPWC for the paving of Ensign Road. The Township received \$106,234 of OPWC Issue 2 grant monies in 2009 and the Township's remaining share was \$52,324. The Township also had projects to pave Stillwell Road and build new ball fields at Claridon Township Park during 2008 and 2009.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

Claridon Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

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

Reporting the Township as a Whole

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

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the 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.

In the statement of net assets and the statement of activities, we present the governmental activities of the Township. All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal 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 Township's Most Significant Funds

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

Governmental Funds - Currently all of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. In 2009, the Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, OPWC – Issue 2 Fund, and Fire Levy Fund. In 2008, the Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Claridon Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008, and 2008 compared to 2007 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2009	2008	2007
Assets			
Equity in Pooled Cash and Cash Equivalents	\$887,111	\$890,650	\$804,730
Total Assets	\$887,111	\$890,650	\$804,730
Net Assets			
Restricted for:			
Debt Service	\$43	\$43	\$43
Other Purposes	673,748	589,391	545,387
Unrestricted	213,320	301,216	259,300
Total Net Assets	\$887,111	\$890,650	\$804,730

The primary reasons contributing to the changes in cash balances are as follows:

- Disbursements for 2009 included a property purchase for \$125,972 funded primarily by estate tax collections in 2008 and a decrease in capital outlay in 2008 compared to 2007.
- Earnings on investments decreased in 2008 and 2009.
- Fire contracts increased in 2008 and 2009.

Table 2 on page 6 reflects the changes in net assets for 2009 compared to 2008, and 2008 compared to 2007 on a cash basis.

Claridon Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$12,063	\$19,521	\$19,600
Operating Grants and Contributions	91,692	90,029	94,531
Capital Grants and Contributions	106,234	0	93,750
Total Program Receipts	<u>209,989</u>	<u>109,550</u>	<u>207,881</u>
General Receipts:			
Property and Other Local Taxes	447,349	448,218	447,354
Grants and Entitlements Not Restricted to Specific Programs	145,054	235,752	200,500
Sale of Fixed Assets	1,625	0	57,000
Cable Franchise Fees	15,429	10,326	7,732
Interest	4,900	16,303	28,945
Miscellaneous	67,385	58,085	87,935
Total General Receipts	<u>681,742</u>	<u>768,684</u>	<u>829,466</u>
Total Receipts	<u>891,731</u>	<u>878,234</u>	<u>1,037,347</u>
Disbursements:			
General Government	142,032	157,148	156,851
Public Safety	252,085	234,323	204,455
Public Works	170,244	311,957	373,365
Health	17,923	17,104	15,275
Conservation-Recreation	26,896	66,553	14,289
Capital Outlay	286,090	5,229	132,774
Total Disbursements	<u>895,270</u>	<u>792,314</u>	<u>897,009</u>
Increase (Decrease) in Net Assets	(3,539)	85,920	140,338
Net Assets, January 1	<u>890,650</u>	<u>804,730</u>	<u>664,392</u>
Net Assets, December 31	<u>\$887,111</u>	<u>\$890,650</u>	<u>\$804,730</u>

Program receipts represent 23.55 and 12.47 percent of total receipts in 2009 and 2008, respectively. General receipts represent 76.45 and 87.53 percent of the Township's total receipts in 2009 and 2008, respectively, and of this amount, 65.62 and 58.31 percent represent property taxes, respectively. State and federal grants and entitlements make up most of the remaining balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees and the Fiscal Officer.

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

Claridon Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Governmental Activities

If you look at the Statement of Activities, 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. In 2009, the major program disbursements are for Capital Outlay and Public Safety, which account for 31.96 and 28.16 percent of all disbursements, respectively. In 2008, the major program disbursements are for Public Works and Public Safety, which account for 39.37 and 29.57 percent of all disbursements, respectively. General government also represents a significant cost each year, 15.86 and 19.83 percent in 2009 and 2008, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net 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)

	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	\$142,032	(\$140,485)	\$157,148	(\$152,410)	\$156,851	(\$149,923)
Public Safety	252,085	(252,085)	234,323	(234,323)	204,455	(204,455)
Public Works	170,244	27,682	311,957	(221,928)	373,365	(185,084)
Health	17,923	(9,282)	17,104	(3,929)	15,275	(4,555)
Conservation-Recreation	26,896	(26,896)	66,553	(66,553)	14,289	(14,289)
Other	0	1,875	0	1,608	0	1,952
Capital Outlay	286,090	(286,090)	5,229	(5,229)	132,774	(132,774)
Total Expenses	\$895,270	(\$685,281)	\$792,314	(\$682,764)	\$897,009	(\$689,128)

The dependence upon property tax receipts is apparent as 49.97 percent of activities in 2009 and 56.57 percent in 2008 are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$887,318 and disbursements of \$895,270 in 2009, and receipts of \$878,234 and disbursements of \$792,314 in 2008.

In 2009, the greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$87,896 as the result of a Township property purchase of \$125,972.

In 2008, the greatest change within governmental funds occurred within the Road and Bridge Fund. The fund balance of the Road and Bridge Fund increased \$52,753 as the result of decreased costs for construction projects.

Claridon Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

General Fund Budgeting Highlights

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

During 2009, the Township amended its General Fund budget several times to reflect changing circumstances. In 2008, the Township did not amend its original General Fund budget. In 2009, actual receipts were \$15,922 higher than final budgeted receipts. Actual disbursements were \$54,530 less than final budgeted appropriations. In 2008, actual receipts were \$105,077 higher than final budgeted receipts. Actual disbursements were \$62,036 lower than final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2009 and 2008, the Township had no outstanding debt.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. We rely heavily on local taxes and have very little industry to support the tax base. The elimination of personal property taxes, the likelihood of the inheritance tax disappearing, the decrease in state funding and the lag in housing development are concerns. The Township has always tried to spend tax dollars wisely and has not had any debt service in more than 21 years. The Township may have to adjust to decreasing taxes or look at other alternatives for subsidizing the General Fund.

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 Lisa Millet, Fiscal Officer, Claridon Township, P.O. Box 66, 13932 Mayfield Road, East Claridon, Ohio 44033.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2009

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$887,111
<i>Total Assets</i>	\$887,111
 Net Assets	
Restricted for:	
Debt Service	\$43
Other Purposes	673,748
Unrestricted	213,320
<i>Total Net Assets</i>	\$887,111

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts			Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Special		Governmental Activities
Governmental Activities					
General Government	\$142,032	\$1,547	\$0	\$0	(\$140,485)
Public Safety	252,085	0	0	0	(252,085)
Public Works	170,244	0	91,692	106,234	27,682
Health	17,923	8,641	0	0	(9,282)
Conservation-Recreation	26,896	0	0	0	(26,896)
Other	0	1,875	0	0	1,875
Capital Outlay	286,090	0	0	0	(286,090)
<i>Total Governmental Activities</i>	<u>\$895,270</u>	<u>\$12,063</u>	<u>\$91,692</u>	<u>\$106,234</u>	<u>(685,281)</u>
		General Receipts			
		Property Taxes Levied for:			
					104,034
					170,278
					173,037
		Grants and Entitlements not Restricted to Specific Programs			145,054
					1,625
					15,429
					4,900
					67,385
		<i>Total General Receipts</i>			<u>681,742</u>
		Change in Net Assets			(3,539)
		<i>Net Assets, Beginning of Year</i>			<u>890,650</u>
		<i>Net Assets, End of Year</i>			<u>\$887,111</u>

See accompanying notes to the basic financial statements.

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

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Levy Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	<u>\$213,320</u>	<u>\$124,968</u>	<u>\$179,985</u>	<u>\$290,250</u>	<u>\$78,588</u>	<u>\$887,111</u>
<i>Total Assets</i>	<u><u>\$213,320</u></u>	<u><u>\$124,968</u></u>	<u><u>\$179,985</u></u>	<u><u>\$290,250</u></u>	<u><u>\$78,588</u></u>	<u><u>\$887,111</u></u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$1,533	\$0	\$1,878	\$0	\$22	\$3,433
Unreserved:						
Undesignated, Reported in:						
General Fund	211,787	0	0	0	0	211,787
Special Revenue Funds	0	124,968	178,107	290,250	78,523	671,848
Debt Service Fund	0	0	0	0	43	43
<i>Total Fund Balances</i>	<u><u>\$213,320</u></u>	<u><u>\$124,968</u></u>	<u><u>\$179,985</u></u>	<u><u>\$290,250</u></u>	<u><u>\$78,588</u></u>	<u><u>\$887,111</u></u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Gasoline Tax	Road & Bridge	Fire Levy	OPWC-Issue 2	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$104,034	\$0	\$170,278	\$173,037	\$0	\$0	\$447,349
Licenses, Permits and Fees	15,429	0	0	0	0	9,639	25,068
Intergovernmental	78,100	86,830	33,275	33,678	106,234	4,862	342,979
Interest	4,227	607	0	0	0	66	4,900
Miscellaneous	13,846	0	192	0	0	52,984	67,022
<i>Total Receipts</i>	<u>215,636</u>	<u>87,437</u>	<u>203,745</u>	<u>206,715</u>	<u>106,234</u>	<u>67,551</u>	<u>887,318</u>
Disbursements							
Current:							
General Government	136,739	0	0	0	0	5,293	142,032
Public Safety	0	0	0	240,047	0	12,038	252,085
Public Works	12,983	46,874	110,387	0	0	0	170,244
Health	2,170	0	0	0	0	15,753	17,923
Conservation-Recreation	26,896	0	0	0	0	0	26,896
Capital Outlay	127,532	26,162	26,162	0	106,234	0	286,090
<i>Total Disbursements</i>	<u>306,320</u>	<u>73,036</u>	<u>136,549</u>	<u>240,047</u>	<u>106,234</u>	<u>33,084</u>	<u>895,270</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(90,684)</u>	<u>14,401</u>	<u>67,196</u>	<u>(33,332)</u>	<u>0</u>	<u>34,467</u>	<u>(7,952)</u>
Other Financing Sources (Uses)							
Sale of Fixed Assets	0	0	1,625	0	0	0	1,625
Other Financing Sources	2,788	0	0	0	0	0	2,788
<i>Total Other Financing Sources (Uses)</i>	<u>2,788</u>	<u>0</u>	<u>1,625</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,413</u>
<i>Net Change in Fund Balances</i>	<u>(87,896)</u>	<u>14,401</u>	<u>68,821</u>	<u>(33,332)</u>	<u>0</u>	<u>34,467</u>	<u>(3,539)</u>
<i>Fund Balances, Beginning of Year</i>	<u>301,216</u>	<u>110,567</u>	<u>111,164</u>	<u>323,582</u>	<u>0</u>	<u>44,121</u>	<u>890,650</u>
<i>Fund Balances, End of Year</i>	<u>\$213,320</u>	<u>\$124,968</u>	<u>\$179,985</u>	<u>\$290,250</u>	<u>\$0</u>	<u>\$78,588</u>	<u>\$887,111</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$101,962	\$101,962	\$104,034	\$2,072
Licenses, Permits and Fees	10,000	10,000	15,429	5,429
Intergovernmental	74,342	69,752	78,100	8,348
Interest	7,000	7,000	4,227	(2,773)
Miscellaneous	11,000	11,000	13,846	2,846
<i>Total receipts</i>	<u>204,304</u>	<u>199,714</u>	<u>215,636</u>	<u>15,922</u>
Disbursements				
Current:				
General Government	190,385	174,284	138,133	36,151
Public Works	16,500	14,300	12,983	1,317
Health	13,700	9,200	2,310	6,890
Conservation-Recreation	39,500	35,700	26,896	8,804
Capital Outlay	9,000	128,900	127,532	1,368
<i>Total Disbursements</i>	<u>269,085</u>	<u>362,384</u>	<u>307,854</u>	<u>54,530</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(64,781)</u>	<u>(162,670)</u>	<u>(92,218)</u>	<u>70,452</u>
Other Financing Sources (Uses)				
Sale of Stock	2,788	2,788	2,788	0
<i>Total Other Financing Sources (Uses)</i>	<u>2,788</u>	<u>2,788</u>	<u>2,788</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(61,993)	(159,882)	(89,430)	70,452
<i>Fund Balance, Beginning of Year</i>	296,898	296,898	296,898	0
Prior Year Encumbrances Appropriated	4,319	4,319	4,319	0
<i>Fund Balance, End of Year</i>	<u>\$239,224</u>	<u>\$141,335</u>	<u>\$211,787</u>	<u>\$70,452</u>

See accompanying notes to the basic financial statements.

**CLARIDON TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$65,000	\$65,000	\$86,830	\$21,830
Interest	1,000	1,000	607	(393)
<i>Total receipts</i>	<u>66,000</u>	<u>66,000</u>	<u>87,437</u>	<u>21,437</u>
Disbursements				
Current:				
Public Works	111,300	76,300	46,874	29,426
Capital Outlay	0	35,000	26,162	8,838
<i>Total Disbursements</i>	<u>111,300</u>	<u>111,300</u>	<u>73,036</u>	<u>38,264</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(45,300)</u>	<u>(45,300)</u>	<u>14,401</u>	<u>(59,701)</u>
<i>Net Change in Fund Balance</i>	(45,300)	(45,300)	14,401	(59,701)
<i>Fund Balance, Beginning of Year</i>	<u>110,567</u>	<u>110,567</u>	<u>110,567</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$65,267</u>	<u>\$65,267</u>	<u>\$124,968</u>	<u>(\$59,701)</u>

See accompanying notes to the basic financial statements.

**CLARIDON TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$166,469	\$166,469	\$170,278	\$3,809
Intergovernmental	30,874	30,874	33,275	2,401
Miscellaneous	0	0	192	192
<i>Total receipts</i>	<u>197,343</u>	<u>197,343</u>	<u>203,745</u>	<u>6,402</u>
Disbursements				
Current:				
Public Works	180,900	178,300	112,265	66,035
Capital Outlay	0	35,000	26,162	8,838
<i>Total Disbursements</i>	<u>180,900</u>	<u>213,300</u>	<u>138,427</u>	<u>74,873</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,443</u>	<u>(15,957)</u>	<u>65,318</u>	<u>81,275</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	0	1,625	1,625
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>1,625</u>	<u>1,625</u>
<i>Net Change in Fund Balance</i>	16,443	(15,957)	66,943	82,900
<i>Fund Balance, Beginning of Year</i>	<u>111,164</u>	<u>111,164</u>	<u>111,164</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u><u>\$127,607</u></u>	<u><u>\$95,207</u></u>	<u><u>\$178,107</u></u>	<u><u>\$82,900</u></u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP

GEAUGA COUNTY

Statement of Receipts, Disbursements, and Changes

In Fund Balance - Budget and Actual - Budget Basis

Fire Levy Fund

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$169,041	\$169,041	\$173,037	\$3,996
Intergovernmental	30,932	30,932	33,678	2,746
<i>Total receipts</i>	<u>199,973</u>	<u>199,973</u>	<u>206,715</u>	<u>6,742</u>
Disbursements				
Current:				
Public Safety	242,500	251,500	240,047	11,453
<i>Total Disbursements</i>	<u>242,500</u>	<u>251,500</u>	<u>240,047</u>	<u>11,453</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(42,527)</u>	<u>(51,527)</u>	<u>(33,332)</u>	<u>18,195</u>
<i>Net Change in Fund Balance</i>	(42,527)	(51,527)	(33,332)	18,195
<i>Fund Balance, Beginning of Year</i>	<u>323,582</u>	<u>323,582</u>	<u>323,582</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$281,055</u>	<u>\$272,055</u>	<u>\$290,250</u>	<u>\$18,195</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$890,650</u>
<i>Total Assets</i>	<u><u>\$890,650</u></u>
Net Assets	
Restricted for:	
Debt Service	\$43
Other Purposes	589,391
Unrestricted	<u>301,216</u>
<i>Total Net Assets</i>	<u><u>\$890,650</u></u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Special Assessments	Governmental Activities
Governmental Activities				
General Government	\$157,148	\$4,738	\$0	(\$152,410)
Public Safety	234,323	0	0	(234,323)
Public Works	311,957	0	90,029	(221,928)
Health	17,104	13,175	0	(3,929)
Conservation-Recreation	66,553	0	0	(66,553)
Other	0	1,608	0	1,608
Capital Outlay	5,229	0	0	(5,229)
<i>Total Governmental Activities</i>	<u>\$792,314</u>	<u>\$19,521</u>	<u>\$90,029</u>	<u>(682,764)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes		76,449
		Road and Bridge Fund		195,844
		Fire Levy Fund		175,925
		Grants and Entitlements not Restricted to Specific Programs		235,752
		Cable Franchise Fees		10,326
		Interest		16,303
		Miscellaneous		58,085
		<i>Total General Receipts</i>		<u>768,684</u>
		Change in Net Assets		85,920
		<i>Net Assets, Beginning of Year</i>		<u>804,730</u>
		<i>Net Assets, End of Year</i>		<u>\$890,650</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Levy Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$301,216	\$110,567	\$111,164	\$323,582	\$44,121	\$890,650
<i>Total Assets</i>	<u>\$301,216</u>	<u>\$110,567</u>	<u>\$111,164</u>	<u>\$323,582</u>	<u>\$44,121</u>	<u>\$890,650</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$4,318	\$0	\$0	\$0	\$0	\$4,318
Unreserved:						
Undesignated, Reported in:						
General Fund	296,898	0	0	0	0	296,898
Special Revenue Funds	0	110,567	111,164	323,582	44,078	589,391
Debt Service Fund	0	0	0	0	43	43
<i>Total Fund Balances</i>	<u>\$301,216</u>	<u>\$110,567</u>	<u>\$111,164</u>	<u>\$323,582</u>	<u>\$44,121</u>	<u>\$890,650</u>

See accompanying notes to the basic financial statements.

**CLARIDON TOWNSHIP
GEAUGA COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008*

	General	Gasoline Tax	Road & Bridge	Fire Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$76,449	\$0	\$195,844	\$175,925	\$0	\$448,218
Licenses, Permits and Fees	10,334	0	0	0	13,513	23,847
Intergovernmental	169,648	84,613	34,711	31,393	5,416	325,781
Interest	13,889	2,362	0	0	52	16,303
Miscellaneous	17,735	0	250	0	46,100	64,085
<i>Total Receipts</i>	<u>288,055</u>	<u>86,975</u>	<u>230,805</u>	<u>207,318</u>	<u>65,081</u>	<u>878,234</u>
Disbursements						
Current:						
General Government	152,225	0	0	0	4,923	157,148
Public Safety	0	0	0	181,722	52,601	234,323
Public Works	15,666	118,239	178,052	0	0	311,957
Health	6,466	0	0	0	10,638	17,104
Conservation-Recreation	66,553	0	0	0	0	66,553
Capital Outlay	5,229	0	0	0	0	5,229
<i>Total Disbursements</i>	<u>246,139</u>	<u>118,239</u>	<u>178,052</u>	<u>181,722</u>	<u>68,162</u>	<u>792,314</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>41,916</u>	<u>(31,264)</u>	<u>52,753</u>	<u>25,596</u>	<u>(3,081)</u>	<u>85,920</u>
<i>Net Change in Fund Balances</i>	41,916	(31,264)	52,753	25,596	(3,081)	85,920
<i>Fund Balances, Beginning of Year</i>	<u>259,300</u>	<u>141,831</u>	<u>58,411</u>	<u>297,986</u>	<u>47,202</u>	<u>804,730</u>
<i>Fund Balances, End of Year</i>	<u><u>\$301,216</u></u>	<u><u>\$110,567</u></u>	<u><u>\$111,164</u></u>	<u><u>\$323,582</u></u>	<u><u>\$44,121</u></u>	<u><u>\$890,650</u></u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$73,993	\$73,993	\$76,449	\$2,456
Licenses, Permits and Fees	5,000	5,000	10,334	5,334
Intergovernmental	84,085	84,085	169,648	85,563
Interest	10,000	10,000	13,889	3,889
Miscellaneous	9,900	9,900	17,735	7,835
<i>Total receipts</i>	<u>182,978</u>	<u>182,978</u>	<u>288,055</u>	<u>105,077</u>
Disbursements				
Current:				
General Government	252,024	182,424	155,543	26,881
Public Works	19,000	18,000	15,666	2,334
Health	22,000	17,500	6,466	11,034
Conservation-Recreation	89,569	85,069	66,553	18,516
Capital Outlay	59,685	9,500	6,229	3,271
<i>Total Disbursements</i>	<u>442,278</u>	<u>312,493</u>	<u>250,457</u>	<u>62,036</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(259,300)</u>	<u>(129,515)</u>	<u>37,598</u>	<u>167,113</u>
<i>Net Change in Fund Balance</i>	(259,300)	(129,515)	37,598	167,113
<i>Fund Balance, Beginning of Year</i>	256,708	256,708	256,708	0
Prior Year Encumbrances Appropriated	<u>2,592</u>	<u>2,592</u>	<u>2,592</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$0</u>	<u>\$129,785</u>	<u>\$296,898</u>	<u>\$167,113</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEAUGA COUNTY

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$65,000	\$65,000	\$84,613	\$19,613
Interest	1,000	1,000	2,362	1,362
<i>Total receipts</i>	<u>66,000</u>	<u>66,000</u>	<u>86,975</u>	<u>20,975</u>
Disbursements				
Current:				
Public Works	197,831	136,300	118,239	18,061
Capital Outlay	10,000	0	0	0
<i>Total Disbursements</i>	<u>207,831</u>	<u>136,300</u>	<u>118,239</u>	<u>18,061</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(141,831)</u>	<u>(70,300)</u>	<u>(31,264)</u>	<u>(39,036)</u>
<i>Net Change in Fund Balance</i>	(141,831)	(70,300)	(31,264)	(39,036)
<i>Fund Balance, Beginning of Year</i>	<u>141,831</u>	<u>141,831</u>	<u>141,831</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$0</u>	<u>\$71,531</u>	<u>\$110,567</u>	<u>(\$39,036)</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP
GEOUGA COUNTY

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$190,188	\$190,188	\$195,844	\$5,656
Intergovernmental	31,977	31,977	34,711	2,734
Miscellaneous	0	0	250	250
<i>Total receipts</i>	<u>222,165</u>	<u>222,165</u>	<u>230,805</u>	<u>8,640</u>
Disbursements				
Current:				
Public Safety	280,576	206,000	178,052	27,948
<i>Total Disbursements</i>	<u>280,576</u>	<u>206,000</u>	<u>178,052</u>	<u>27,948</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(58,411)</u>	<u>16,165</u>	<u>52,753</u>	<u>36,588</u>
<i>Net Change in Fund Balance</i>	(58,411)	16,165	52,753	36,588
<i>Fund Balance, Beginning of Year</i>	<u>58,411</u>	<u>58,411</u>	<u>58,411</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$0</u>	<u>\$74,576</u>	<u>\$111,164</u>	<u>\$36,588</u>

See accompanying notes to the basic financial statements.

CLARIDON TOWNSHIP

GEAUGA COUNTY

Statement of Receipts, Disbursements, and Changes

In Fund Balance - Budget and Actual - Budget Basis

Fire Levy Fund

For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Receipts				
Property and Other Local Taxes	\$167,865	\$167,865	\$175,925	\$8,060
Intergovernmental	28,675	28,675	31,393	2,718
<i>Total receipts</i>	<u>196,540</u>	<u>196,540</u>	<u>207,318</u>	<u>10,778</u>
Disbursements				
Current:				
Public Safety	280,000	196,500	181,722	14,778
<i>Total Disbursements</i>	<u>280,000</u>	<u>196,500</u>	<u>181,722</u>	<u>14,778</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(83,460)</u>	<u>40</u>	<u>25,596</u>	<u>25,556</u>
<i>Net Change in Fund Balance</i>	(83,460)	40	25,596	25,556
<i>Fund Balance, Beginning of Year</i>	<u>297,986</u>	<u>297,986</u>	<u>297,986</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$214,526</u>	<u>\$298,026</u>	<u>\$323,582</u>	<u>\$25,556</u>

See accompanying notes to the basic financial statements.

Note 1 – Reporting Entity

Claridon Township, Geauga County, Ohio (the Township), is a body politic and corporate established in 1801 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

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

A. Primary Government

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

B. Component Units

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

C. Jointly Governed Organization and Public Entity Risk Pool

The Township participates in the Northeast Ohio Public Energy Council (NOPEC), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. It was formed to serve as a means for communities to proceed jointly with an aggregation program for the purchase of electricity and gas. Note 9 to the financial statements provides additional information for this entity.

The Township also participates in the Ohio Government Risk Management Plan, a public entity risk pool. Note 6 to the financial statements provides 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 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 cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and cash equivalent balances 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 classified as governmental.

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds for 2009 and the first four funds are the Township's major governmental funds for 2008:

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

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

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

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

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

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

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

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

E. Cash and Investments

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

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2009 and 2008, the Township invested in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for at the end of any specific day.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 and 2008 were \$4,227 and \$13,889, respectively, which include immaterial amounts assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Note 2 – Summary of Significant Accounting Policies (continued)

G. 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.

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon 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 healthcare benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance, salaries and contracts (Road & Bridge and Gas Tax Funds), fire and rescue service contracts (Fire Levy Fund), and a road contract (OPWC Issue 2 Fund). The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

L. 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. Fund balance reserves have been established for encumbrances.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Fire Levy Fund in 2009 and 2008 are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for 2009 and 2008 amounted to \$1,533 and \$4,318 for the General Fund, respectively, and for 2009 for the Road and Bridge Fund for the amount of \$1,878.

Note 4 – Deposits and Investments

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

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

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

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

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

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

Claridon Township
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 4 - Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009, \$261,231 of the Township's bank balance of \$673,240 was exposed to custodial risk. At December 31, 2008, \$262,073 of the Township's bank balance of \$512,073 was exposed to custodial risk.

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.

Investments

As of December 31, 2009 and December 31, 2008, the Township had the following investments:

	Carrying Value	Maturity
December 31, 2009		
STAR Ohio	\$221,812	Less than Six Months
Total	\$221,812	
December 31, 2008		
STAR Ohio	\$401,978	Less than Six Months
Total	\$401,978	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Claridon Township
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

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. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, 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 and 2008 represent the collection of 2008 and 2007 taxes respectively. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected in 2009 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 revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Tangible personal property tax receipts received during 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007 on the true value as of December 31, 2007. Tangible personal property tax was phased out – the assessment percentage of all property including inventory is 6.25 percent for 2008 and reduced to zero in 2009, except against local and inter-exchange telephone companies. 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 years ended December 31, 2009 and 2008, was \$9.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 and 2008 property tax receipts were based are as follows:

Category	Assessed Value
2009	
Real Property	
Residential and Agricultural	\$68,063,080
Commercial/Industrial/Public Utility	3,767,060
Public Utility	2,196,210
Total Assessed Value	\$74,026,350
Category	Assessed Value
2008	
Real Property	
Residential and Agricultural	\$67,059,500
Commercial/Industrial/Public Utility	3,798,950
Public Utility	2,089,710
Tangible Personal Property	204,520
Total Assessed Value	\$73,152,680

Note 5 – Property Taxes (continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

Risk Pool Membership

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Township participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Township does not participate in this coverage.

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

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

The Pool's audited financial statements 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), and include amounts for both OPRM and OPHC:

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	\$5,184,333	\$6,862,902

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

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description - 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. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the traditional pension plan benefit. Member contributions, the investment of which is self-directed by the members, 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) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2009 and 2008, members in state and local classifications contributed, 10 percent of covered payroll. The Township employed no public safety members and no law enforcement members in either 2009 or 2008.

The Township's contribution rate for state and local members in 2009 and 2008 was 14.00 percent of covered payroll. For the period January 1 through March 31, 2009, a portion of the Township's contribution equal to 7.00 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. For the period January 1 through December 31, 2008, the portion of the Township's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Township of 14 percent.

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 \$22,552, \$25,029, and \$25,084, respectively. The full amount has been contributed for 2009, 2008, and 2007. There were no contributions to the member-directed plan for 2009 or 2008.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Note 8 - Postemployment Benefits (continued)

Ohio Public Employees Retirement System (continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2009, the employer contribution allocated to the health care plan from January 1 through March 31, 2009 and April 1 through December 31, 2009 was 7 percent and 5.5 percent of covered payroll, respectively. In 2008, 7 percent of the covered payroll was used to fund health care. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$9,488, \$12,515, and \$8,240 respectively. The full amount has been contributed for 2009, 2008, and 2007.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008 and decreased on April 1, 2009 which allowed additional funds to be allocated to the healthcare plan.

Note 9 – Jointly Governed Organization

Northeast Ohio Public Energy Council

The Township is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and gas. NOPEC is currently comprised over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity and gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors.

The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Township did not contribute to NOPEC during 2009 or 2008. Financial information can be obtained by contacting NOPEC, 31320 Solon Road, Suite 20, Solon, Ohio 44139.

This page intentionally left blank.



Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Claridon Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated January 21, 2011, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 Township'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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated February 4, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 4, 2011



Dave Yost • Auditor of State

CLARIDON TOWNSHIP

GEAUGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 22, 2011**