



*CLINTON TOWNSHIP, VINTON COUNTY*

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**Regular Audit**

**For the Years Ended December 31, 2010 and 2009**

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

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

Board of Trustees  
Clinton Township  
P.O. Box 548  
Hamden, Ohio 45634

We have reviewed the *Independent Auditor's Report* of Clinton Township, Vinton County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Clinton Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 9, 2011

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**CLINTON TOWNSHIP, VINTON COUNTY**  
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For the Years Ended December 31, 2010 and 2009

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## Independent Auditor's Report

Board of Trustees  
Clinton Township, Vinton County  
P.O. Box 548  
Hamden, OH 45634

We have audited the accompanying financial statements of Clinton Township (the Township), Vinton County as of and for the years ended December 31, 2010 and 2009. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Township prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 and 2009. Instead of the combined funds the accompanying financial statements presents for 2010 and 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Board of Trustees  
Clinton Township, Vinton County  
Independent Auditor's Report

Also, in our opinion, the financial statements referred to in the first paragraph above presents fairly, in all material respects, the combined fund cash balances of the Township, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2010 and 2009. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 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 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.

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

J. L. UHRIG AND ASSOCIATES, INC.

April 4, 2011

**CLINTON TOWNSHIP, VINTON COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2010**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Local Taxes	\$10,144	\$70,416	\$80,560
Intergovernmental	5,330	98,930	104,260
Earnings on Investments	155	31	186
Other Revenue	390	2,439	2,829
Total Cash Receipts	<u>16,019</u>	<u>171,816</u>	<u>187,835</u>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
General Government	18,312	2,829	21,141
Conservation and Recreation	7,732	0	7,732
Public Safety	0	6,500	6,500
Public Works	0	100,592	100,592
Health	0	31,801	31,801
Other	0	1,987	1,987
<i>Debt Service:</i>			
Redemption of Principal	0	4,022	4,022
Interest and Fiscal Charges	0	728	728
Capital Outlay	0	1,087	1,087
Total Cash Disbursements	<u>26,044</u>	<u>149,546</u>	<u>175,590</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(10,025)	22,270	12,245
<b><u>Other Financing Sources:</u></b>			
Advances In	500	500	500
Advances Out	(500)	(500)	(500)
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(10,025)	22,270	12,245
Fund Cash Balances, January 1	<u>26,152</u>	<u>49,091</u>	<u>75,243</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$16,127</u></u>	<u><u>\$71,361</u></u>	<u><u>\$87,488</u></u>

See accompanying notes to the financial statements.

**CLINTON TOWNSHIP, VINTON COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2009**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Local Taxes	\$9,803	\$70,592	\$80,395
Intergovernmental	10,098	92,312	102,410
Licenses, Permits, and Fees	0	10	10
Earnings on Investments	187	54	241
Other Revenue	990	3,237	4,227
Total Cash Receipts	<u>21,078</u>	<u>166,205</u>	<u>187,283</u>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
General Government	19,982	2,835	22,817
Conservation and Recreation	1,470	0	1,470
Public Safety	0	6,150	6,150
Public Works	0	112,853	112,853
Health	0	36,451	36,451
Other	0	2,459	2,459
<i>Debt Service:</i>			
Redemption of Principal	0	3,858	3,858
Interest and Fiscal Charges	0	892	892
Capital Outlay	0	1,354	1,354
Total Cash Disbursements	<u>21,452</u>	<u>166,852</u>	<u>188,304</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(374)	(647)	(1,021)
Fund Cash Balances, January 1	<u>26,526</u>	<u>49,738</u>	<u>76,264</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$26,152</u></u></b>	<b><u><u>\$49,091</u></u></b>	<b><u><u>\$75,243</u></u></b>

See accompanying notes to the financial statements.

**CLINTON TOWNSHIP, VINTON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**Note 1 – Reporting Entity**

Clinton Township, Vinton 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 and bridges, and maintenance of cemeteries. The Township contracts with Hamden and Dundas fire departments to provide fire services.

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**

**Basis of Accounting**

The Township's financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**General Fund:** The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

**Special Revenue Funds:** These funds are used to account for proceeds from specific sources (other than trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

*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, and used for the repair and maintenance of Township roads.

*Road and Bridge Fund* – This fund receives personal property tax money for maintaining and repairing Township roads and bridges.

*Cemetery Fund* – This fund receives property tax money for maintaining Township cemeteries.

**CLINTON TOWNSHIP, VINTON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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

**Budgetary Process**

The Ohio Revised Code requires that each Township fund be budgeted annually.

**Appropriations:** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The Vinton County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

**Estimated Resources:** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Vinton County Budget Commission must also certify estimated resources.

**Encumbrances:** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2010 and 2009 budgetary activity appears in Note 4.

**Property, Plant and Equipment**

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

**Accumulated Leave**

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

**Note 3 – Cash and Investments**

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Township had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2010	December 31, 20089
Demand Deposits	<u>\$87,488</u>	<u>\$75,243</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

**CLINTON TOWNSHIP, VINTON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**Note 4 – Budgetary Basis of Accounting**

The Township’s budgetary activity for the years ending December 31, 2010 and December 31, 2009 was as follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$13,021	\$16,019	\$2,998
Special Revenue	154,083	171,816	17,733
<i>Total</i>	<u>\$167,104</u>	<u>\$187,835</u>	<u>\$20,731</u>

2010 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,173	\$26,044	\$13,129
Special Revenue	201,673	149,546	52,127
<i>Total</i>	<u>\$240,846</u>	<u>\$175,590</u>	<u>\$65,256</u>

2009 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$13,865	\$21,078	\$7,213
Special Revenue	151,407	166,205	14,798
<i>Total</i>	<u>\$165,272</u>	<u>\$187,283</u>	<u>\$22,011</u>

**CLINTON TOWNSHIP, VINTON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**Note 4 – Budgetary Basis of Accounting - (continued)**

2009 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,390	\$21,452	\$18,938
Special Revenue	203,381	166,852	36,529
<i>Total</i>	\$243,771	\$188,304	\$55,467

**Note 5- Debt**

Debt outstanding at December 31, 2010 was as follows:

Description of Issue	Issue Date	Interest Rate	Principal Balance 12-31-09	Issued in 2010	Retired in 2010	Principal Balance 12-31-10	Due in One Year
Dump Truck	2008	4.25%	\$17,142	\$0	\$4,022	\$13,120	\$4,193
			\$17,142	\$0	\$4,022	\$13,120	\$4,193

Debt outstanding at December 31, 2009 was as follows:

Description of Issue	Issue Date	Interest Rate	Principal Balance 12-31-08	Issued in 2009	Retired In 2009	Principal Balance 12-31-09
Dump Truck	2008	4.25%	\$21,000	\$0	\$3,858	\$17,142
			\$21,000	\$0	\$3,858	\$17,142

The Township obtained a note in the amount of \$21,000 to purchase a Dump Truck in 2008. The note will be repaid in annual installments of \$4,750 for principal and any interest accrued on the outstanding balance at 4.25%.

**CLINTON TOWNSHIP, VINTON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**Note 5 – Debt** - (continued)

Amortization of the above debt is as follows:

Year ending December 31:	Principal	Interest	Total
2011	\$4,193	\$557	\$4,750
2012	4,371	379	4,750
2013	4,556	194	4,750
Total	\$13,120	\$1,130	\$14,249

**Note 6 – Property Taxes**

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31, and the second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

The full tax rate for all Township operations for the years ended December 31, 2010 and 2009 was 7.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 and 2009 property tax receipts were based are as follows:

	2010	2009
Real Property		
Residential & Agricultural	\$11,662,890	\$11,665,750
Commercial/Industrial/Mineral	1,583,980	1,673,700
Tangible Personal Property	10,660	24,200
Public Utility	1,719,920	1,594,670
Total Assessed Value	\$14,977,450	\$14,958,320

**CLINTON TOWNSHIP, VINTON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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**Note 7 – Risk Management**

**Risk Pool Membership**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2009, the Township contracted with 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP.) Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage**

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$13,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to the annual aggregate limit of \$10,000,000.

**Property Coverage**

The Travelers Indemnity Company reinsures specific losses exceeding \$500,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$150,000 up to \$500,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide property aggregate stop loss coverage to APEEP based upon the combined Members' Total Insurable Value (TIV). If the stop loss is reached by payment of the Pools retained losses, Travelers will then reinsure property specific losses in excess of the retention up to their \$600,000,000 per occurrence limit. Additionally, effective January 1, 2009, APEEP provides an additional aggregate for the \$50,000 excess \$100,000 layer, with the aggregate limit tied to TIV, for the insurance coverage's to the Pools.

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

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

**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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$ 35,855,252	\$ 38,982,088
Liabilities	<u>10,664,724</u>	<u>12,880,766</u>
Net Assets	<u><u>25,190,528</u></u>	<u><u>26,101,322</u></u>

*CLINTON TOWNSHIP, VINTON COUNTY*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2010 and 2009*

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**Note 7 – Risk Management** – (continued)

At December 31, 2010 and 2009, respectively, liabilities noted above include approximately \$9.9 million and \$12.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$9.5 million and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

Based on discussions with OTARMA the expected rates charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Township's contributions to OTARMA for the years ending December 31, 2010 and 2009 were \$3,629 and \$3,562, respectively.

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give 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 8 – Retirement Systems**

**A. Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**Note 8 – Retirement Systems** - (continued)

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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, 2010, 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.

**CLINTON TOWNSHIP, VINTON COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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Members participating in the traditional plan who were in law enforcement contributed 11.1 percent of their annual covered salary; members in public safety contributed 10.5 percent. The Township's contribution rate for pension benefits for 2010 was 8.91 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 14.0 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

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 8.82 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 14.0 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, 2010, 2009, and 2008 were \$4,237, \$4,155, \$3,467 respectively. The full amount has been contributed for 2010, 2009, and 2008.

**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2010 local government employer contribution rate was 14.0 percent of covered payroll (17.87 percent for public safety and law enforcement); 5.09 percent of covered payroll was the portion that was used to fund health care. The 2009 local government employer contribution rate was 14.0 percent of covered payroll (17.63 percent for public safety and law enforcement); 5.88 percent of covered payroll was the portion that was used to fund health care.

*CLINTON TOWNSHIP, VINTON COUNTY*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2010 and 2009*

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**Note 9 - Postemployment Benefits** - (continued)

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. 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.

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 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.5 and 3 percent annually for the next six years and 4 percent annually after seven 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 2009 (the latest information available) were 357,584. The actual employer contributions for 2010 and 2009 which were used to fund postemployment benefits were \$2,421 and \$3,008, respectively. The actual value of OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

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

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards**

Board of Trustees  
Clinton Township, Vinton County  
P. O. Box 548  
Hamden, OH 45634

We have audited the accompanying financial statement of Clinton Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 4, 2011, wherein we noted that the Township followed accounting practices the Auditor of State prescribes rather 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**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 opinion 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 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.

Board of Trustees  
Clinton Township, Vinton County  
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 obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted a certain matter that we reported to the Township's management in a separate letter dated April 4, 2011.

This report is intended for the information and use of the Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.

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

J. L. UHRIG AND ASSOCIATES, INC.

April 4, 2011

**CLINTON TOWNSHIP, VINTON COUNTY**  
**Schedule of Prior Audit Findings**  
**For the Year Ended December 31, 2010 and 2009**

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<b>Description</b>	<b>Status</b>	<b>Comments</b>
<i>Government Auditing Standards:</i>		
1. Significant deficiency - Cash disbursements were not always posted to the correct appropriation classifications.	Not Corrected	Management Letter

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# Dave Yost • Auditor of State

CLINTON TOWNSHIP

VINTON COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MAY 24, 2011