



Mary Taylor, CPA
Auditor of State

CLARK TOWNSHIP
HOLMES COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clark Township, Holmes County, Ohio, (the Township) as of and for the year ended December 31, 2007, 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(B) and 115.56 mandate 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 modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clark Township, Holmes County, Ohio, as of December 31, 2007, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Road Levy Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Road Levy Fund are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

September 16, 2008

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

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

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$46,475, or 15 percent, a modest change from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund, the Gasoline Tax Fund and the Road Levy while the Road and Bridge Fund had a smaller increase in 2007.

The Township's general receipts are primarily property taxes. These receipts represent 48.7 percent of the total cash received for governmental activities during the year.

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 modified 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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of modified 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 modified 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 taxes.

In the statement of net assets and the statement of activities, the governmental activities include the Township's programs and services, including general government services and road and bridge maintenance.

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.

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

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

The Township as a Whole

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

(Table 1)

Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$274,637	\$231,256
Investments	76,734	73,640
Total Assets	\$351,371	\$304,896
Net Assets		
Restricted for:		
Debt Service	\$96	\$96
Other Purposes	248,644	215,622
Expendable	596	576
Nonexpendable	500	500
Unrestricted	101,535	88,102
Total Net Assets	\$351,371	\$304,896

As mentioned previously, net assets of governmental activities increased \$ 46,475 or 15 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- The Township received more real estate tax than anticipated.
- The Township received more interest on investments
- Expenditures were down from last year due to less capital outlay.

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

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

(Table 2)
Changes in Net Assets

	Governmental	
	Activities	
	<u>2007</u>	<u>2006</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$24,353	\$22,116
Operating Grants and Contributions	<u>117,562</u>	<u>117,310</u>
Total Program Receipts	<u>141,915</u>	<u>139,426</u>
General Receipts:		
Property and Other Local Taxes	249,644	252,088
Grants and Entitlements Not Restricted to Specific Programs	68,716	95,626
Interest	12,402	3,806
Miscellaneous	<u>2,598</u>	<u>1,467</u>
Total General Receipts	<u>333,360</u>	<u>352,987</u>
Total Receipts	<u>475,275</u>	<u>492,413</u>
Disbursements:		
General Government	91,249	95,741
Public Works	327,051	303,531
Capital Outlay	<u>10,500</u>	<u>33,490</u>
Total Disbursements	<u>428,800</u>	<u>432,762</u>
Increase (Decrease) in Net Assets	46,475	59,651
Net Assets, January 1, 2007	<u>304,896</u>	<u>245,245</u>
Net Assets, December 31, 2007	<u><u>\$351,371</u></u>	<u><u>\$304,896</u></u>

Program receipts represent 30 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, charges for services and a voluntary donation.

General receipts represent 70 percent of the Township's total receipts, and of this amount, 74.9 percent are local taxes. State grants and entitlements make up 20.6 percent and interest makes up 3.7 percent of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

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 fiscal officer salaries and benefits, general administrative costs and payment of county health subsidy. These costs do not represent direct services to residents.

Public Works is the cost of maintaining the roads and equipment. Capital Outlay is used for the purchase of equipment and land.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and public works, which account for 21.3 and 76.3 percent of all governmental disbursements, respectively. Capital Outlay represents about 2.4 percent. 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 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$91,249	\$91,249	\$95,741	\$95,741
Public Works	327,051	185,136	303,531	164,105
Capital Outlay	10,500	10,500	33,490	33,490
Total Expenses	\$428,800	\$286,885	\$432,762	\$293,336

The dependence upon property and other tax receipts is apparent as 66.9 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$475,275 and disbursements of \$428,800. The fund balance of the General Fund increased \$13,432. The Gasoline Tax Fund increased by \$13,808. The Road and Bridge Fund increased by \$4,375 and the Road Levy Fund increased by \$15,116.

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 significant budgeted funds are the General Fund, Gasoline Fund, Road and Bridge Fund and Road Levy Fund.

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

During 2007, the Township did not amend its General Fund budget. Actual receipts were above original budgeted receipts due to increase in property tax receipts and the additional income from the interest on investments. The difference between final budgeted receipts and actual receipts was a modest increase.

Final disbursements were budgeted at \$149,961 while actual disbursements were \$94,249. The Township kept spending well under the budget amounts as demonstrated by the reported variances. The result is the increase in fund balance of \$13,432 for 2007.

During 2007, the Township did not amend its Gasoline Tax Fund budget. Actual receipts were above original budgeted receipts due to an increase in the gasoline tax received. The difference between final budgeted receipts and actual receipts was a modest increase.

Final disbursements were budgeted at \$124,200 while actual disbursements were \$76,997. The Township kept spending well under the budget amounts as demonstrated by the reported variances. The result was an increase in fund balance of \$13,808 for 2007.

During 2007, the Township did not amend its Road and Bridge Fund budget. Actual receipts were above original budgeted receipts due to higher property taxes and voluntary donations than estimated. The difference between final budgeted receipts and actual receipts was a modest increase.

Final disbursements were budgeted at \$122,700 while actual disbursements were \$96,681. The Township kept spending well under the budget amounts as demonstrated by the reported variances. The result was an increase in fund balance of \$4,375 for 2007.

During 2007, the Township did not amend its Road Levy Fund budget. Actual receipts were above original budgeted receipts due to higher property tax receipts than estimated. The difference between final budgeted receipts and actual receipts was a modest increase.

Final disbursements were budgeted at \$213,000 while actual disbursements were \$140,214. The Township kept spending well under the budget amounts as demonstrated by the major variance. The result was an increase in fund balance of \$15,116 for 2007.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2007, 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.

Contacting the Government'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 Nannette Yoder, Fiscal Officer, Clark Township, 3764 CR 70, Sugarcreek, Ohio 44681.

**Clark Township
Holmes County**

*Statement of Net Assets - Modified Cash Basis
December 31, 2007*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$274,637
Investments	<u>76,734</u>
<i>Total Assets</i>	<u><u>\$351,371</u></u>
Net Assets	
Restricted for:	
Debt Service	\$96
Permanent Fund Purpose	
Expendable	596
Nonexpendable	500
Other Purposes	248,645
Unrestricted	<u>101,534</u>
<i>Total Net Assets</i>	<u><u>\$351,371</u></u>

See accompanying notes to the basic financial statements

**Clark Township
Holmes County**

*Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	General	Gasoline Tax	Road and Bridge	Road Levy	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$79,505	\$61,392	\$37,029	\$73,790	\$22,921	\$274,637
Investments	22,029	17,011	10,260	20,445	6,989	76,734
<i>Total Assets</i>	<u>\$101,534</u>	<u>\$78,403</u>	<u>\$47,289</u>	<u>\$94,235</u>	<u>\$29,910</u>	<u>\$351,371</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$101,534					\$101,534
Special Revenue Funds		\$78,403	\$47,289	\$94,235	\$28,717	248,644
Debt Service Fund					96	96
Permanent Fund					1,097	1,097
<i>Total Fund Balances</i>	<u>\$101,534</u>	<u>\$78,403</u>	<u>\$47,289</u>	<u>\$94,235</u>	<u>\$29,910</u>	<u>\$351,371</u>

See accompanying notes to the basic financial statements

**Clark Township
Holmes County**

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

	General	Gasoline Tax	Road and Bridge	Road Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$66,136		\$56,347	\$127,161		\$249,644
Charges for Services			24,353			24,353
Intergovernmental	32,207	88,447	10,648	25,861	\$19,407	176,570
Interest	9,048	2,358			996	12,402
Other	290		9,708	2,308		12,306
<i>Total Receipts</i>	<u>107,681</u>	<u>90,805</u>	<u>101,056</u>	<u>155,330</u>	<u>20,403</u>	<u>475,275</u>
Disbursements						
Current:						
General Government	91,249					91,249
Public Works		76,997	93,681	135,714	20,659	327,051
Capital Outlay	3,000		3,000	4,500		10,500
<i>Total Disbursements</i>	<u>94,249</u>	<u>76,997</u>	<u>96,681</u>	<u>140,214</u>	<u>20,659</u>	<u>428,800</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,432</u>	<u>13,808</u>	<u>4,375</u>	<u>15,116</u>	<u>(256)</u>	<u>46,475</u>
<i>Fund Balances Beginning of Year</i>	<u>88,102</u>	<u>64,595</u>	<u>42,914</u>	<u>79,119</u>	<u>30,166</u>	<u>304,896</u>
<i>Fund Balances End of Year</i>	<u>\$101,534</u>	<u>\$78,403</u>	<u>\$47,289</u>	<u>\$94,235</u>	<u>\$29,910</u>	<u>\$351,371</u>

See accompanying notes to the basic financial statements

**Clark Township
Holmes County**

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$60,100	\$60,100	\$66,136	\$6,036
Intergovernmental	28,019	28,019	32,207	4,188
Interest	4,000	4,000	9,048	5,048
Other			290	290
<i>Total Receipts</i>	<u>92,119</u>	<u>92,119</u>	<u>107,681</u>	<u>15,562</u>
Disbursements				
Current:				
General Government	116,361	116,361	91,249	25,112
Public Works	2,000	2,000		2,000
Health	600	600		600
Capital Outlay	<u>31,000</u>	<u>31,000</u>	<u>3,000</u>	<u>28,000</u>
<i>Total Disbursements</i>	<u>149,961</u>	<u>149,961</u>	<u>94,249</u>	<u>55,712</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(57,842)</u>	<u>(57,842)</u>	<u>13,432</u>	<u>71,274</u>
<i>Fund Balance Beginning of Year</i>	<u>88,102</u>	<u>88,102</u>	<u>88,102</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$30,260</u></u>	<u><u>\$30,260</u></u>	<u><u>\$101,534</u></u>	<u><u>\$71,274</u></u>

See accompanying notes to the basic financial statements

**Clark Township
Holmes County**

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Intergovernmental	\$75,000	\$75,000	\$88,447	\$13,447
Interest	800	800	2,358	1,558
<i>Total Receipts</i>	75,800	75,800	90,805	15,005
Disbursements				
Current:				
Public Works	109,200	109,200	76,997	32,203
Capital Outlay	15,000	15,000		15,000
<i>Total Disbursements</i>	124,200	124,200	76,997	47,203
<i>Excess of Receipts Over (Under) Disbursements</i>	(48,400)	(48,400)	13,808	62,208
<i>Fund Balance Beginning of Year</i>	64,595	64,595	64,595	0
<i>Fund Balance End of Year</i>	\$16,195	\$16,195	\$78,403	\$62,208

See accompanying notes to the basic financial statements

**Clark Township
Holmes 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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$54,400	\$54,400	\$56,347	\$1,947
Charges for Services	23,000	23,000	24,353	1,353
Intergovernmental	7,500	7,500	10,648	3,148
Other			9,708	9,708
<i>Total Receipts</i>	<u>84,900</u>	<u>84,900</u>	<u>101,056</u>	<u>16,156</u>
Disbursements				
Current:				
General Government	1,000	1,000		1,000
Public Works	115,700	115,700	93,681	22,019
Capital Outlay	<u>6,000</u>	<u>6,000</u>	<u>3,000</u>	<u>3,000</u>
<i>Total Disbursements</i>	<u>122,700</u>	<u>122,700</u>	<u>96,681</u>	<u>26,019</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(37,800)</u>	<u>(37,800)</u>	<u>4,375</u>	<u>42,175</u>
<i>Fund Balance Beginning of Year</i>	<u>42,914</u>	<u>42,914</u>	<u>42,914</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,114</u></u>	<u><u>\$5,114</u></u>	<u><u>\$47,289</u></u>	<u><u>\$42,175</u></u>

See accompanying notes to the basic financial statements

**Clark Township
Holmes County**

*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Road Levy Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$120,100	\$120,100	\$127,161	\$7,061
Intergovernmental	18,000	18,000	25,861	7,861
Other			2,308	2,308
<i>Total Receipts</i>	138,100	138,100	155,330	17,230
Disbursements				
Current:				
Public Works	173,000	173,000	135,714	37,286
Capital Outlay	40,000	40,000	4,500	35,500
<i>Total Disbursements</i>	213,000	213,000	140,214	72,786
<i>Excess of Receipts (Under) Disbursements</i>	(74,900)	(74,900)	15,116	90,016
<i>Fund Balance Beginning of Year</i>	79,119	79,119	79,119	0
<i>Fund Balance End of Year</i>	\$4,219	\$4,219	\$94,235	\$90,016

See accompanying notes to the basic financial statements

Clark Township
Holmes County

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

Note 1 – Reporting Entity

Clark Township, Holmes 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 reporting entity is comprised of the primary government.

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. Clark Township Fire District and East Holmes Fire and EMS provide fire protection for the Township. Police protection is provided by Holmes County Sheriff's Department.

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 2C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. 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 investment 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 modified cash basis or draws from the Township's general receipts.

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

Note 2 – Summary of Significant Accounting Policies (continued)

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. All funds of the Township are governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Road Levy Fund.

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

The Motor Vehicle License Tax Fund receives motor vehicle license tax money from the state through the county auditor to construct, maintain and repair Township roads.

The Gasoline Tax Fund receives gasoline tax money from the state through the county auditor to construct, maintain and repair Township roads.

The Road and Bridge Fund receives property tax money to construct, maintain and repair Township roads.

The Road Levy Fund receives property tax money to construct, maintain and repair Township roads.

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 modified cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified 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.

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

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

E. Cash and Investments

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

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

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 2007 was \$9,048 which includes \$5,757 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. Restricted assets represent funds to be used for debt payments, funds to be used only for the Fisher Cemetery and funds to be used for road maintenance, construction and repair.

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

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 modified 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

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

L. 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 use for road construction, maintenance and repair. 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.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Road Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to \$0 for all the major funds.

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

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;
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.

At year end, the Township had \$0 in undeposited cash on hand.

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

Note 4 – Deposits and Investments (continued)

At year end, the Township had a certificate of deposit with a balance of \$76,234, a \$500 non-expendable United States Savings Bond – Series H – for the Fisher Cemetery, and a NOW checking account with a balance of \$288,229 (\$860 in a NOW combined with \$287,369 in a Money Market Account) less outstanding checks of \$13,592.

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 year end, \$188,229 of the Township's bank balance of \$288,229 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

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

Note 5 – Property Taxes

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

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

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

Clark Township
Holmes County

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

Note 5 – Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2007, was \$4.6 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential	\$24,122,170
Agricultural	17,164,670
Commercial/Industrial/Mineral	8,447,020
Tangible Personal Property	9,725,990
Public Utility – Real	2,170
Public Utility – Personal	828,420
Total Assessed Value	<u>\$60,290,440</u>

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 – Capital Assets

The Township chooses not to report and depreciate capital assets resulting from cash transactions in the financial statements and elects not to report capital asset activity in the notes to the financial statements.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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. 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 \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

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

Note 7 – Risk Management (Continued)

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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 government.

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, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$6,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

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

Note 7 – Risk Management (Continued)

Contributions to OTARMA

2005	\$6,993
2006	\$7,388
2007	\$5,876

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

Note 8 – Defined Benefit Pension Plan

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.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$22,682, \$21,362 and \$21,002 respectively. The full amount has been contributed for 2007, 2006 and 2005. Contributions to the member-directed plan for 2007 were \$0 made by the Township and \$0 made by the plan members.

Clark Township
Holmes County

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

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.0 percent and 6.0 percent for January 1, 2007 through June 30, 2007 and July 1, 2007 through December 31, 2007, respectively, of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1.5 and 5.0 percent annually for the next eight years and 4.0 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$9,007. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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

Note 10 – Debt

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
Promissory Note						
2004 Issue (Original Amount \$30,000)	5%	\$10,000	\$0	\$10,000	\$0	\$0

The Township has no future annual debt service requirements as of December 31, 2007.



Mary Taylor, CPA

Auditor of State

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

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

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 Clark Township, Holmes County, Ohio, (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 16, 2008, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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(B) and 115.56 mandate 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 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

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

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

Mary Taylor, CPA
Auditor of State

September 16, 2008



Mary Taylor, CPA
Auditor of State

CLARK TOWNSHIP

HOLMES COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 9, 2008**