



**CLARK TOWNSHIP
BROWN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

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REPORT OF INDEPENDENT ACCOUNTANTS

Clark Township
Brown County
1250 Pride Hill Road
Hamersville, Ohio 45130

To the Board of Trustees:

We have audited the accompanying financial statements of Clark Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2000 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.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

March 31, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$12,969	\$118,770	\$131,739
Intergovernmental	86,957	78,213	165,170
Charges for Services	0	24,195	24,195
Interest	3,538	1,126	4,664
Other Revenue	2,710	0	2,710
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	106,174	222,304	328,478
Cash Disbursements:			
Current:			
General Government	33,566	0	33,566
Public Safety	0	36,213	36,213
Public Works	21,958	76,937	98,895
Health	5,956	0	5,956
Capital Outlay	217	30,555	30,772
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	61,697	143,705	205,402
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	44,477	78,599	123,076
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	19,407	131,667	151,074
Fund Cash Balances, December 31	<hr/> \$63,884 <hr/>	<hr/> \$210,266 <hr/>	<hr/> \$274,150 <hr/>

The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$12,496	\$91,484	\$103,980
Intergovernmental	47,081	71,895	118,976
Charges for Services	0	19,600	19,600
Interest	2,584	771	3,355
Other Revenue	4,303	5,205	9,508
	<u>66,464</u>	<u>188,955</u>	<u>255,419</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	40,108	0	40,108
Public Safety	0	30,331	30,331
Public Works	20,537	108,466	129,003
Health	2,169	0	2,169
Capital Outlay	880	6,674	7,554
	<u>63,694</u>	<u>145,471</u>	<u>209,165</u>
Total Cash Disbursements	63,694	145,471	209,165
Total Receipts Over/(Under) Disbursements	2,770	43,484	46,254
Fund Cash Balances, January 1	16,637	88,183	104,820
Fund Cash Balances, December 31	<u>\$19,407</u>	<u>\$131,667</u>	<u>\$151,074</u>

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clark Township, Brown County, Ohio (the Township), is a body corporate and politic 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 provides general governmental services, including road and bridge maintenance and fire protection.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These 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. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash Deposits

The Township Clerk invests all available funds of the Township in a public funds interest checking account with a local commercial bank. The Township pools its cash for deposit purposes to capture the highest rate of return. Interest income is distributed to Township funds based upon the Ohio Constitution.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from 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 receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire Levy Fund - Receives proceeds from a tax levy for providing Township residents with fire protection services.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. 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 County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township had no outstanding encumbrances at December 31, 1999 and 1998.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. 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.

2. DEPOSITS

The Township maintains a cash and deposit pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash deposits at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$274,150</u>	<u>\$151,074</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$105,958	\$106,174	\$216
Special Revenue	221,847	222,304	457
Total	\$327,805	\$328,478	\$673

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,379	\$61,697	\$63,682
Special Revenue	353,500	143,705	209,795
Total	\$478,879	\$205,402	\$273,477

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,966	\$66,464	\$5,498
Special Revenue	181,498	188,955	7,457
Total	\$242,464	\$255,419	\$12,955

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,603	\$63,694	\$13,909
Special Revenue	269,681	145,471	124,210
Total	\$347,284	\$209,165	\$138,119

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding 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 semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX (Continued)

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 each April 30.

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

5. RETIREMENT SYSTEMS

Township officials are members of the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan which provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Accidents

The Township is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Property Coverage



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Clark Township
Brown County
1250 Pride Hill Road
Hamersville, Ohio 45130

To the Board of Trustees:

We have audited the accompanying financial statements of Clark Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 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 that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 31, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 31, 2000.

Clark Township
Brown County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

March 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CLARK TOWNSHIP

BROWN 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 9, 2000**