



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CLEARCREEK TOWNSHIP
WARREN COUNTY**

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, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Types – For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Findings	13

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Clearcreek Township
Warren County
7593 Bunnel Hill Road
Springboro, OH 45066

To the Board of Trustees:

We have audited the accompanying financial statements of Clearcreek Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2001 and December 31, 2000. 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. 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 and reserves for encumbrances of the Township as of December 31, 2001 and December 31, 2000, 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 June 26, 2002 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. 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 in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees 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", written in a cursive style.

Jim Petro
Auditor of State

June 26, 2002

**CLEARCREEK TOWNSHIP
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$525,628	\$2,269,545		\$2,795,173
Intergovernmental	630,630	380,719		1,011,349
Special Assessments	0	26,283		26,283
Charges for Services	23,229	213,369		236,598
Licenses, Permits, and Fees	0	28,204		28,204
Fines, Forfeitures, and Penalties	26,098	215		26,313
Earnings on Investments	137,482	657		138,139
Other Revenue	11,773	73,253	0	85,026
	<u>1,354,840</u>	<u>2,992,245</u>	<u>0</u>	<u>4,347,085</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	484,027	24,503		508,530
Public Safety	56,413	2,394,623		2,451,036
Public Works	53,763	386,816		440,579
Health	1,502	0		1,502
Conservation - Recreation	709,188	54,317		763,505
Capital Outlay	17,823	37,220	0	55,043
	<u>1,322,716</u>	<u>2,897,479</u>	<u>0</u>	<u>4,220,195</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>32,124</u>	<u>94,766</u>	<u>0</u>	<u>126,890</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes			531,500	531,500
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>531,500</u>	<u>531,500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	32,124	94,766	531,500	658,390
Fund Cash Balances, January 1	<u>944,956</u>	<u>1,495,896</u>	<u>0</u>	<u>2,440,852</u>
Fund Cash Balances, December 31	<u>\$977,080</u>	<u>\$1,590,662</u>	<u>\$531,500</u>	<u>\$3,099,242</u>
Reserve for Encumbrances, December 31	<u>\$89,818</u>	<u>\$48,910</u>	<u>\$531,500</u>	<u>\$670,228</u>

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

**CLEARCREEK TOWNSHIP
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Local Taxes	\$450,260	\$2,194,676		\$2,644,936
Intergovernmental	468,767	346,286		815,053
Special Assessments	0	20,095		20,095
Charges for Services	22,635	213,617		236,252
Licenses, Permits, and Fees	0	28,082		28,082
Fines, Forfeitures, and Penalties	20,843	4,000		24,843
Earnings on Investments	118,529	986		119,515
Other Revenue	9,166	92,047	0	101,213
Total Cash Receipts	<u>1,090,200</u>	<u>2,899,789</u>	<u>0</u>	<u>3,989,989</u>
Cash Disbursements:				
Current:				
General Government	471,416	3,227		474,643
Public Safety	65,714	2,091,548		2,157,262
Public Works	75,397	419,963		495,360
Health	1,527	0		1,527
Conservation - Recreation	192,682	44,492		237,174
Capital Outlay	90,020	113,252	0	203,272
Total Cash Disbursements	<u>896,756</u>	<u>2,672,482</u>	<u>0</u>	<u>3,569,238</u>
Total Receipts Over/(Under) Disbursements	<u>193,444</u>	<u>227,307</u>	<u>0</u>	<u>420,751</u>
Fund Cash Balances, January 1	751,512	1,268,589	0	2,020,101
Fund Cash Balances, December 31	<u>\$944,956</u>	<u>\$1,495,896</u>	<u>\$0</u>	<u>\$2,440,852</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**CLEARCREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clearcreek Township, Warren 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, fire protection and emergency medical services.

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 and Investments

Investments are included in fund cash balances. 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 disbursements, respectively.

Certificates of deposit are valued at cost.

D. 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:

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.

**CLEARCREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Police District Fund

This fund receives proceeds from the tax levy for police protection.

Fire District Fund

This fund receives proceeds from the fire levy for fire protection.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects fund:

Miscellaneous Capital Projects Fund

This fund receives proceeds for the construction and acquisition of fire equipment and facilities.

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 and 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. Unencumbered 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. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

**CLEARCREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of 2001 and 2000 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.

G. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$3,099,242	\$1,440,852
Certificate of deposits	\$0	\$1,000,000
Total deposits	\$3,099,242	\$2,440,852

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,303,231	\$1,354,840	\$51,609
Special Revenue	2,906,169	2,992,245	86,076
Capital Projects	531,500	531,500	0
Total	\$4,740,900	\$4,878,585	\$137,685

**CLEARCREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,067,186	\$1,412,534	\$654,652
Special Revenue	3,537,713	2,946,389	591,324
Capital Projects	531,500	531,500	0
Total	\$6,136,399	\$4,890,423	\$1,245,976

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$968,995	\$1,090,200	\$121,205
Special Revenue	2,754,134	2,899,789	145,655
Total	\$3,723,129	\$3,989,989	\$266,860

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,576,093	\$896,756	\$679,337
Special Revenue	3,361,766	2,672,482	689,284
Total	\$4,937,859	\$3,569,238	\$1,368,621

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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.

**CLEARCREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Equipment Acquisition Note	<u>\$531,500</u>	2.8%

The Fire Equipment Acquisition Note was issued in 2001 in the amount of \$531,500 for 1 year. The note was issued for the purpose of acquiring equipment and providing fire protection for the Township. The note is collateralized solely by the Township's taxing authority.

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2001 and 2000, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2001. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2001. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**CLEARCREEK TOWNSHIP
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

9. JOINT VENTURE

The Township was a member of a Hazardous Material Response Team ("HAZ MAT") which was a joint venture with three other local governments. The joint venture was created to provide hazardous material response protection and mutual assistance in the event of a hazardous material accident. This joint venture was disbanded in late 1999. The Township has since entered into a hazardous materials response service agreement with the Warren County Department of Emergency Services.

10. SUBSEQUENT EVENT

On April 1, 2002, the Village issued \$1.95 million in general obligation bonds for acquisition and construction of fire stations.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Clearcreek Township
Warren County
7593 Bunnell Hill Road
Springboro, OH 45066

To the Board of Trustees:

We have audited the accompanying financial statements of Clearcreek Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 26, 2002. 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.

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 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 that are required to be reported under *Government Auditing Standards*. However, we also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 26, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 26, 2002.

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

This report is intended solely 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

June 26, 2002

**CLEARCREEK TOWNSHIP
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-40483-001	Township has not established procedures to reasonably determine that ambulance billings have been completely and accurately processed in accordance with the ambulance billing contract.	Yes	The Township has acquired a (SAS 70) Report on Controls in Operation and Tests of Operating Effectiveness of the Emergency Medical Service Claims Processing and Payment Posting System from the billing agency.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CLEARCREEK TOWNSHIP

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 30, 2002**