



**Auditor of State
Betty Montgomery**

CLARK TOWNSHIP
CLINTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Clark Township
Clinton County
1202 Oak Grove Road
Martinsville, Ohio 45146

To the Board of Trustees:

We have audited the accompanying financial statements of Clark Township, Clinton County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. 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 of the Township as of December 31, 2002 and 2001, 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 April 2, 2003 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 the management, the Board, and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 2, 2003

**CLARK TOWNSHIP
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$12,679	\$43,571	\$17,311	\$0	\$0	\$73,561
Intergovernmental	20,561	70,856	1,966	62,265	0	155,648
Earnings on Investments	297	104	0	0	225	626
Other Revenue	788	2,438	0	0	74	3,300
Total Cash Receipts	<u>34,325</u>	<u>116,969</u>	<u>19,277</u>	<u>62,265</u>	<u>299</u>	<u>233,135</u>
Cash Disbursements:						
Current:						
General Government	31,368	0	0	0	0	31,368
Public Safety	0	25,367	0	0	0	25,367
Public Works	7,350	82,069	0	0	0	89,419
Health	2,768	0	0	0	0	2,768
Purchased Services	0	0	0	0	385	385
Supplies	0	0	0	0	13	13
Miscellaneous	0	0	0	0	324	324
Debt Service:						
Redemption of Principal	0	0	10,000	0	0	10,000
Interest and Fiscal Charges	0	0	4,641	0	0	4,641
Capital Outlay	0	7,326	0	112,888	42	120,256
Total Cash Disbursements	<u>41,486</u>	<u>114,762</u>	<u>14,641</u>	<u>112,888</u>	<u>764</u>	<u>284,541</u>
Total Receipts Over/(Under) Disbursements	<u>(7,161)</u>	<u>2,207</u>	<u>4,636</u>	<u>(50,623)</u>	<u>(465)</u>	<u>(51,406)</u>
Other Financing Receipts and (Disbursements):						
Proceeds from Sale of Public Debt:						
Sale of Notes	0	0	0	26,000	0	26,000
Transfers-In	0	0	0	20,000	0	20,000
Transfers-Out	0	(20,000)	0	0	0	(20,000)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>(20,000)</u>	<u>0</u>	<u>46,000</u>	<u>0</u>	<u>26,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(7,161)</u>	<u>(17,793)</u>	<u>4,636</u>	<u>(4,623)</u>	<u>(465)</u>	<u>(25,406)</u>
Fund Cash Balances, January 1	<u>27,129</u>	<u>118,135</u>	<u>6,620</u>	<u>10,038</u>	<u>7,880</u>	<u>169,802</u>
Fund Cash Balances, December 31	<u>\$19,968</u>	<u>\$100,342</u>	<u>\$11,256</u>	<u>\$5,415</u>	<u>\$7,415</u>	<u>\$144,396</u>

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

**CLARK TOWNSHIP
CLINTON COUNTY**

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

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$12,088	\$41,593	\$16,722	\$0	\$0	\$70,403
Intergovernmental	30,755	79,457	1,894	0	0	112,106
Charges for Services	0	19,000	0	0	0	19,000
Earnings on Investments	2,095	733	0	0	336	3,164
Other Revenue	3,857	805	0	25	3,500	8,187
	<u>48,795</u>	<u>141,588</u>	<u>18,616</u>	<u>25</u>	<u>3,836</u>	<u>212,860</u>
Total Cash Receipts						
Cash Disbursements:						
Current:						
General Government	32,459	0	0	0	0	32,459
Public Safety	0	29,815	0	0	0	29,815
Public Works	7,390	63,077	0	0	0	70,467
Health	3,099	0	0	0	0	3,099
Purchased Services	0	0	0	0	4,388	4,388
Supplies	0	0	0	0	22	22
Debt Service:						
Redemption of Principal	0	0	10,000	0	0	10,000
Interest and Fiscal Charges	0	0	5,198	0	0	5,198
Capital Outlay	0	20,816	0	0	0	20,816
	<u>42,948</u>	<u>113,708</u>	<u>15,198</u>	<u>0</u>	<u>4,410</u>	<u>176,264</u>
Total Cash Disbursements						
Total Receipts Over/(Under) Disbursements	<u>5,847</u>	<u>27,880</u>	<u>3,418</u>	<u>25</u>	<u>(574)</u>	<u>36,596</u>
Other Financing Receipts and (Disbursements):						
Transfers-In	0	0	0	10,000	0	10,000
Transfers-Out	0	(10,000)	0	0	0	(10,000)
	<u>0</u>	<u>(10,000)</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)						
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,847	17,880	3,418	10,025	(574)	36,596
Fund Cash Balances, January 1	<u>21,282</u>	<u>100,255</u>	<u>3,202</u>	<u>13</u>	<u>8,454</u>	<u>133,206</u>
Fund Cash Balances, December 31	<u>\$27,129</u>	<u>\$118,135</u>	<u>\$6,620</u>	<u>\$10,038</u>	<u>\$7,880</u>	<u>\$169,802</u>

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

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clark Township, Clinton 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 road and bridge maintenance, cemetery 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 Deposits

During fiscal years 2002 and 2001, the Township's funds were deposited in a checking account and certificates of deposit with local commercial banks.

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.

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.

Emergency Levy Fund

This fund receives proceeds from the property tax levy for emergency services.

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had two outstanding debt issuances. One outstanding note for a fire building addition, one bond issuance was used for the purchase of a new emergency vehicle.

4. Capital Project 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 Project Funds:

Public Works Fund

This fund is used to record the related receipts and expenditures of benefits received for state grant for road projects.

Permanent Improvement Fund

This fund is used to build additional facilities in the Township.

5. Fiduciary Funds (Nonexpendable Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Funds:

Nonexpendable Trust Fund

This fund is used to account for the funds bequeathed to the Township for cemetery care.

Agency Fund

This fund is used to account for receipts from other entities for maintenance of an 800 radio system for fire and emergency.

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.

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 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. EQUITY IN POOLED CASH AND DEPOSITS

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

	2002	2001
Demand deposits	\$137,396	\$162,802
Certificates of deposit	7,000	7,000
Total deposits	\$144,396	\$169,802

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 ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,294	\$34,325	\$5,031
Special Revenue	104,934	116,969	12,035
Debt Service	17,430	19,277	1,847
Capital Projects	121,850	108,265	(13,585)
Fiduciary	310	299	(11)
Total	\$273,818	\$279,135	\$5,317

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,613	\$41,486	\$14,127
Special Revenue	199,408	134,762	64,646
Debt Service	22,083	14,641	7,442
Capital Projects	36,038	112,888	(76,850)
Fiduciary	997	764	233
Total	\$314,139	\$304,541	\$9,598

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,658	\$48,795	\$1,137
Special Revenue	144,292	141,588	(2,704)
Debt Service	17,090	18,616	1,526
Capital Projects	10,000	10,025	25
Fiduciary	3,735	3,836	101
Total	\$222,775	\$222,860	\$85

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,655	\$42,948	\$34,707
Special Revenue	235,822	123,708	112,114
Debt Service	20,293	15,198	5,095
Capital Projects	10,013	0	10,013
Fiduciary	12,191	4,410	7,781
Total	\$355,974	\$186,264	\$169,710

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the OPWC fund by \$62,265 and the Services Building Addition Fund by \$14,585 for the year ended December 31, 2002.

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.

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Emergency Service Vehicle Bond	\$70,000	5.66%
Fire and Emergency Capital Improvement Note	26,000	4.25%
Total	\$96,000	

The Emergency Service Vehicle Bond was issued in 2000 to finance the purchase of a new emergency service vehicle. Bond payments are due June 1 and December 1, 2000-2010. The bond is collateralized by the vehicle.

The Fire and Emergency Capital Improvement Note was issued in 2002 to finance an addition to the Fire building. Note payments are due on July 1, 2003-2010. The note is collateralized solely by the Township's taxing authority.

Amortization of the above debt, including interest, is scheduled as follows:

	EMS Bond	Fire and EMS Improvement Note
Year ending December 31:		
2003	13,821	3,902
2004	13,255	3,902
2005	12,688	3,902
2006	12,122	3,902
2007	11,557	3,902
2008-2010	27,123	11,706
Total	\$90,566	\$31,216

6. RETIREMENT SYSTEMS

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001, respectively. The Township has paid all contributions required through December 31, 2002.

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Public Officials Liability



Auditor of State Betty Montgomery

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

Clark Township
Clinton County
1202 Oak Grove Road
Martinsville, Ohio 45146

To the Board of Trustees:

We have audited the accompanying financial statements of Clark Township, Clinton County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated April 2, 2003. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-40414-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 2, 2003.

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 an instance 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 April 2, 2003.

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

This report is intended solely for the information and use of the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 2, 2003

**CLARK TOWNSHIP
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002-40414-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. At December 31, 2002, OPWC Fund had total expenditures which exceeded total appropriation by \$62,265 and the Services Building Addition Fund had expenditures exceeding appropriations by \$14,585. Failure to appropriate sufficient funds may result in negative fund balances or unauthorized expenditures. The Clerk-Treasurer should deny payment requests exceeding appropriations. The Clerk-Treasurer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.



**Auditor of State
Betty Montgomery**

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CLARK TOWNSHIP

CLINTON 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 8, 2003**