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Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
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104 South Sugar St.
St. Clairsville, OH 43950
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1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



Certified Public Accountants, A.C.

**CLARK TOWNSHIP
CLINTON COUNTY
Regular Audit**

For the Years Ended December 31, 2016 and 2015

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Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Board of Trustees
Clark Township
8113 Farmers Road
New Vienna, Ohio 45159

We have reviewed the *Independent Auditor's Report* of Clark Township, Clinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Clark Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 3, 2017

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CLARK TOWNSHIP
CLINTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 16, 2017

Clark Township
Clinton County
8113 Farmers Road
New Vienna, Ohio 45159

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of cash balances, receipts and disbursements by fund type and related notes of **Clark Township**, Clinton County, (the Township) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Clark Township, Clinton County as of December 31, 2016 and 2015, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2017 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CLARK TOWNSHIP
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$ 25,274	\$ 108,440	\$ -	\$ -	\$ -	\$ 133,714
Charges for Services	-	22,836	-	-	-	22,836
Intergovernmental	17,782	187,996	-	184,405	-	390,183
Earnings on Investments	413	95	-	-	-	508
Miscellaneous	968	4,113	-	-	-	5,081
<i>Total Cash Receipts</i>	<u>44,437</u>	<u>323,480</u>	<u>-</u>	<u>184,405</u>	<u>-</u>	<u>552,322</u>
Cash Disbursements						
Current:						
General Government	18,398	62,637	-	-	-	81,035
Public Safety	-	160,032	-	-	-	160,032
Public Works	-	41,490	-	-	-	41,490
Health	1,500	-	-	-	-	1,500
Capital Outlay	-	14,420	-	184,405	-	198,825
Debt Service:						
Principal Retirement	-	42,398	-	-	-	42,398
Interest and Fiscal Charges	-	10,970	-	-	-	10,970
<i>Total Cash Disbursements</i>	<u>19,898</u>	<u>331,947</u>	<u>-</u>	<u>184,405</u>	<u>-</u>	<u>536,250</u>
<i>Net Change in Fund Cash Balances</i>	24,539	(8,467)	-	-	-	16,072
<i>Fund Cash Balances, January 1</i>	<u>48,147</u>	<u>280,857</u>	<u>325</u>	<u>4,782</u>	<u>8,510</u>	<u>342,621</u>
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	5,000	5,000
Restricted	-	272,390	325	4,782	3,510	281,007
Assigned	256	-	-	-	-	256
Unassigned	72,430	-	-	-	-	72,430
<i>Fund Cash Balances, December 31</i>	<u>\$ 72,686</u>	<u>\$ 272,390</u>	<u>\$ 325</u>	<u>\$ 4,782</u>	<u>\$ 8,510</u>	<u>\$ 358,693</u>

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

**CLARK TOWNSHIP
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$ 25,241	\$ 109,336	\$ -	\$ -	\$ -	\$ 134,577
Charges for Services	-	26,878	-	-	-	26,878
Intergovernmental	22,118	114,219	-	-	-	136,337
Earnings on Investments	317	83	-	-	-	400
Miscellaneous	998	1,704	-	-	-	2,702
<i>Total Cash Receipts</i>	<u>48,674</u>	<u>252,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,894</u>
Cash Disbursements						
Current:						
General Government	23,627	77,367	-	-	-	100,994
Public Safety	-	82,841	-	-	-	82,841
Public Works	-	47,975	-	-	-	47,975
Health	1,500	-	-	-	-	1,500
Capital Outlay	-	8,421	-	-	-	8,421
Debt Service:						
Principal Retirement	-	40,756	-	-	-	40,756
Interest and Fiscal Charges	-	12,442	-	-	-	12,442
<i>Total Cash Disbursements</i>	<u>25,127</u>	<u>269,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>294,929</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>23,547</u>	<u>(17,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,965</u>
Other Financing Receipts						
Sale of Capital Assets	-	2,500	-	-	-	2,500
Total Other Financing Receipts	-	2,500	-	-	-	2,500
<i>Net Change in Fund Cash Balances</i>	23,547	(15,082)	-	-	-	8,465
<i>Fund Cash Balances, January 1</i>	<u>24,600</u>	<u>295,939</u>	<u>325</u>	<u>4,782</u>	<u>8,510</u>	<u>334,156</u>
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	5,000	5,000
Restricted	-	280,857	325	4,782	3,510	289,474
Assigned	312	-	-	-	-	312
Unassigned	47,835	-	-	-	-	47,835
<i>Fund Cash Balances, December 31</i>	<u>\$ 48,147</u>	<u>\$ 280,857</u>	<u>\$ 325</u>	<u>\$ 4,782</u>	<u>\$ 8,510</u>	<u>\$ 342,621</u>

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

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Clark Township, Clinton County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in a jointly governed organization and the Ohio Risk Management Authority (OTARMA) public entity risk pool. Notes 7 and 11 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool

OTARMA – a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). Note 7 to the financial statements provides additional information for this entity.

Jointly Governed Organizations:

Trautwein Joint Township Cemetery – Dodson Township of Highland County, and Clark and Jefferson Townships of Clinton County appoint a three-member Board of Trustees to direct cemetery operations. These entities also provide funding to meet the Cemetery’s operating costs under the agreement which established the Cemetery. The Cemetery provides grounds maintenance, opening and closing of graves and the sale of lots. Note 11 to the financial statements provides additional information for the entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

CLARK TOWNSHIP
CLINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Note 2 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund This fund receives gasoline tax money for constructing, maintaining and repairing township roads.

Ambulance and EMS Service Fund This fund receives property tax money and charges for services used for Emergency Medical Services.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Ambulance Bonds Debt Service Fund This fund receives property tax revenue used to service the debt for the Township's Emergency Vehicle Bonds.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Public Works Project Fund The Township received a grant from the Ohio Public works commission for road construction.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

CLARK TOWNSHIP
CLINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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 approve estimated resources.

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 in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary appropriations exceeded estimated resources in the Motor Vehicle License Fund by \$1,854, the Fire Dept. Special Levy A Fund by \$100,930 and the Capital Projects fund by \$300,000 in 2015. Also, contrary to Ohio law, the Township did not file their Permanent Appropriations with the Clinton County Auditor in 2016. The Township also had violations of encumbering purchases prior to expending the Township's resources in 2016 and 2015 and not amending the certificate of estimated resources in 2016.

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 48,265	\$ 44,437	\$ (3,828)
Special Revenue	454,740	323,480	(131,260)
Capital Projects	185,000	184,405	(595)
Total	\$ 688,005	\$ 552,322	\$ (135,683)

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 4 – Budgetary Activity (Continued)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 48,577	\$ 20,154	\$ 28,423
Special Revenue	535,819	332,954	202,865
Capital Projects	185,000	184,405	595
Total	\$ 769,396	\$ 537,513	\$ 231,883

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 48,675	\$ 48,674	\$ (1)
Special Revenue	236,359	254,720	18,361
Total	\$ 285,034	\$ 303,394	\$ 18,360

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 48,704	\$ 25,439	\$ 23,265
Special Revenue	576,249	270,844	305,405
Total	\$ 624,953	\$ 296,283	\$ 328,670

Note 5 – Deposits

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

	2016	2015
Demand Deposits	\$ 351,693	\$ 335,621
Certificate of Deposit	7,000	7,000
Total Deposits	\$ 358,693	\$ 342,621

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 7 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Assets	\$38,473,283	\$37,313,311
Liabilities	8,244,140	8,418,518
Net Position	\$30,229,143	\$28,894,793

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$7.4 and \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$6.9 and \$7.7 million of unpaid claims to be billed to approximately 1,010 members and 989 member governments in the future, as of December 31, 2016 and 2015, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

CLARK TOWNSHIP
CLINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)

Note 7 – Risk Management (Continued)

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.

Contributions to OTARMA	
2016	2015
\$9,349	\$9,435

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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 Plans

Ohio Public Employees Retirement System

One full-time, one part-time and the elected officials in the Township belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Social Security

Several Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**CLARK TOWNSHIP
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(CONTINUED)**

Note 10 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Acquisition Bonds 2011	\$ 89,400	4.30%
Ambulance Acquisition Bonds 2013	140,400	3.50%
Truck Note 2014	28,821	2.71%
Total	<u>\$ 258,621</u>	

In 2011, the Township issued general obligation bonds in the amount of \$162,000 to finance the purchase of a new fire truck for the Township fire protection. In 2013, the Township issued general obligation bonds in the amount of \$191,000 to finance the purchase of a new ambulance for emergency medical services. The Township's taxing authority collateralized the bonds. In 2014, the Township purchased a 2006 International truck for \$46,775 which is financed through US Bank.

Amortization

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

Year ending December 31:	Fire Truck Acquisition Bonds	Ambulance Acquisition Bonds	Truck Note
2017	\$ 20,200	\$22,914	\$ 10,070
2018	20,203	22,984	10,070
2019	20,276	22,930	10,070
2020	20,215	23,054	-
2021	20,225	22,951	-
2022-2026	-	45,903	-
Total	<u>\$ 101,119</u>	<u>\$160,736</u>	<u>\$ 30,210</u>

Note 11 – Jointly Governed Organizations

Trautwein Joint Township Cemetery – Dodson Township Highland County and Clark and Jefferson of Clinton County appoint a three-member Board of Trustees to direct cemetery operations. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The Cemetery provides grounds maintenance, opening and closing of graves and the sale of grave lots. Payments to Trautwine Cemetery totaled \$1,500 for both 2016 and 2015.

Note 12 – Public Entity Risk Pool

The Township participates in the Managed Care Organization (MCO) for worker's compensation. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Contingent Liability

The Township participates in several state assisted grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Township believes that disallowed claims, if any, will not have a material adverse effect on the Township's financial condition.



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740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

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

June 16, 2017

Clark Township
Clinton County
8113 Farmers Road
New Vienna, Ohio 45159

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of **Clark Township**, Clinton County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 16, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2016-002 to be a material weakness.

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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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2016-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 16, 2017.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

CLARK TOWNSHIP
CLINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources in 2015.
- Violation of 5705.40, where the Township did not file the appropriations with the County Auditor in 2016 and 2015.
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds.
- Violation of 5705.36 relating to not amending the certificate of estimated resources in 2016.

The Fiscal Officer should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. If the Fiscal Officer does not consider this necessary, steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

Management's Response – We did not receive a response from management to the finding above.

FINDING NUMBER 2016-002

Material Weakness

Fund and Fund Balance Classifications

The Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

Nonspendable Fund Balance – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted Fund Balance – The restricted classification is used when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e. State Statutes); or (b) imposed by law through constitutional provisions (City Charter) or enabling legislation.

**CLARK TOWNSHIP
CLINTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-002 (Continued)

Material Weakness (Continued)

Fund and Fund Balance Classifications (Continued)

Committed Fund Balance – The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

Assigned Fund Balance – Assigned fund balance includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – Unassigned fund balance is the residential classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The Township has not formally adopted a policy to define whether the Township considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Auditor of State Technical Bulletin 2011-004 clarifies the impact of GASB 54 on Ohio governmental units and provides guidance on implementation.

Per GASB Codification 1300.108 Permanent Funds should be used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government’s programs – that is, for the benefit of the government of its citizenry.

The Township also had outstanding encumbrances in the General Fund at the end of both 2016 and 2015 that were classified as Unassigned. Under the GASB 54 Guidelines, the outstanding encumbrances should have been classified as Assigned.

Description	Adjustment	Reason
2016 Permanent Funds Nonspendable Fund Balance	\$5,000	To show the nonspendable portion of the Carr bequest.
2015 Permanent Funds Nonspendable Fund Balance	\$5,000	To show the nonspendable portion of the Carr bequest.
2016 General Fund Assigned Fund Balance.	\$256	To reclassify outstanding encumbrances to Assigned instead of Unassigned.
2015 General Fund Assigned Fund Balance.	\$312	To reclassify outstanding encumbrances to Assigned instead of Unassigned.

The accompanying financial statements have been adjusted to reflect these changes.

CLARK TOWNSHIP
CLINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-002 (Continued)

Material Weakness (Continued)

Fund and Fund Balance Classifications (Continued)

We were not provided information to determine the nonspendable balance in the Lewis Cemetery Bequest Fund and the Township did not report a nonspendable balance for the fund.

We recommend the Township review the GASB 54 statement and formally adopt the required fund balance policies. The policy should define whether the auditee considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available.

Management's Response – We did not receive a response from management to the finding above.

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**CLARK TOWNSHIP
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Posting Receipts and Disbursements	Yes	Corrected
2014-002	ORC 5705 Budgetary Compliance	No	Partially Corrected, Repeated as Finding 2016-001.
2014-003	ORC 5705.41(D) Encumbering noncompliance	No	Repeated as finding 2016-001.
2014-004	Fund and Fund Balance Classifications	No	Not Corrected, Repeated as Finding 2016-002.

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Dave Yost • Auditor of State

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
AUGUST 15, 2017