



Dave Yost • Auditor of State

CLARK TOWNSHIP
COSHOCKTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Clark Township
Coshocton County
29402 TR 32
Warsaw, Ohio 43844

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Clark Township, Coshocton County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

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.

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

As described in Note 1 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, 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 combined cash balances of Clark Township, Coshocton County, Ohio, as of December 31, 2013 and 2012, and its combined 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 permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2014, 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.



Dave Yost
Auditor of State

Columbus, Ohio

July 18, 2014

**CLARK TOWNSHIP
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$26,836		\$26,836
Charges for Services		\$2,250	2,250
Intergovernmental	15,377	97,226	112,603
Earnings on Investments	1	2	3
Miscellaneous	33		33
<i>Total Cash Receipts</i>	42,247	99,478	141,725
Cash Disbursements			
Current:			
General Government	55,088		55,088
Public Safety	2,550		2,550
Public Works		80,423	80,423
Health	2,087		2,087
Human Services	8,040	1,891	9,931
<i>Total Cash Disbursements</i>	67,765	82,314	150,079
<i>Excess of Receipts Over (Under) Disbursements</i>	(25,518)	17,164	(8,354)
Other Financing Receipts			
Refund of a Prior Year Expenditure		542	542
<i>Total Other Financing Receipts</i>	0	542	542
<i>Net Change in Fund Cash Balances</i>	(25,518)	17,706	(7,812)
<i>Fund Cash Balances, January 1</i>	(8,738)	32,197	23,459
Fund Cash Balances, December 31			
Restricted		49,903	49,903
Unassigned (Deficit)	(34,256)		(34,256)
<i>Fund Cash Balances, December 31</i>	(\$34,256)	\$49,903	\$15,647

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

**CLARK TOWNSHIP
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$24,420		\$24,420
Charges for Services		\$2,900	2,900
Intergovernmental	11,954	97,708	109,662
Earnings on Investments	1	2	3
Miscellaneous	6,633		6,633
<i>Total Cash Receipts</i>	43,008	100,610	143,618
Cash Disbursements			
Current:			
General Government	60,625		60,625
Public Safety	2,548		2,548
Public Works		71,049	71,049
Health	1,843		1,843
Human Services	9,975	3,492	13,467
<i>Total Cash Disbursements</i>	74,991	74,541	149,532
<i>Excess of Receipts Over (Under) Disbursements</i>	(31,983)	26,069	(5,914)
<i>Net Change in Fund Cash Balances</i>	(31,983)	26,069	(5,914)
<i>Fund Cash Balances, January 1</i>	23,245	6,128	29,373
Fund Cash Balances, December 31			
Restricted		32,197	32,197
Unassigned (Deficit)	(8,738)		(8,738)
<i>Fund Cash Balances, December 31</i>	(\$8,738)	\$32,197	\$23,459

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

**CLARK TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Clark Township, Coshocton County, (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 and cemetery maintenance

The Township participates in a jointly governed organization and a public entity risk pool. Notes 6 and 7 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

The Township belongs to the Ohio Plan Risk Management Plan (OPRM), a risk-sharing pool available to Ohio governments. OPRM provides a formalized, jointly administered self-insurance risk management program and other administrative services to its members.

Joint Venture:

Walhonding Valley Fire District (District) - The District is a body corporate and politic formed by the Township and several other political subdivisions under Ohio Revised Code Section 505.371 to provide fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

C. Deposits and Investments

All cash is maintained in an interest-bearing checking account.

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:

**CLARK TOWNSHIP
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

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

2. 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:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads and bridges.

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

Cemetery Fund - This fund receives operating revenues for the maintenance of the Township's cemeteries.

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. Appropriations lapse at year end.

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 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**CLARK TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

Fund balance is divided into two 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:

1. 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.

2. 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.

G. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits and Investments

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$15,647	\$23,459

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**CLARK TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,086	\$42,247	(\$3,839)
Special Revenue	104,085	100,020	(4,065)
Total	\$150,171	\$142,267	(\$7,904)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,120	\$67,765	(\$23,645)
Special Revenue	119,949	82,314	37,635
Total	\$164,069	\$150,079	\$13,990

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,705	\$43,008	\$2,303
Special Revenue	105,331	100,610	(4,721)
Total	\$146,036	\$143,618	(\$2,418)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,952	\$74,991	(\$11,039)
Special Revenue	129,398	74,541	54,857
Total	\$193,350	\$149,532	\$43,818

4. Property Tax

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
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

6. Risk Management

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), 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"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011, respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**CLARK TOWNSHIP
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Risk Management (continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(\$6,687,193)	(\$5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

7. Jointly Governed Organization

Walhonding Valley Fire District (the District)

The District provides fire protection services for the Township. The District is directed by an appointed eleven-member Board of Trustees. One board member is appointed by each political subdivision within the District with one member at large appointed from one of the political subdivisions. Those subdivisions are the Bedford Township, Bethlehem Township, Clark Township, Jefferson Township, Monroe Township, Newcastle Township, Perry Township, Tiverton Township, Village of Nellie and Village of Warsaw. The District provides fire protection services to citizens within those areas. During 2013 and 2012, the Township paid no monies to the District.



Dave Yost • Auditor of State

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

Clark Township
Coshocton County
29402 TR 32
Warsaw, Ohio 43844

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Clark Township, Coshocton County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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 opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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. We consider findings 2013-001 and 2013-002 described in the accompanying Schedule of Findings to be material weaknesses.

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 matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2013-001.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

July 18, 2014

**CLARK TOWNSHIP
COSHOCKTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

Finding Number 2013-001

Material Weakness and Noncompliance

Ohio Rev. Code §§ 505.24(C) and 507.09(C) set forth the method by which Township trustees' and Fiscal Officer's compensation should be allocated, respectively. These sections state that the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually be a trustee or fiscal officer if the trustee and fiscal officer were paid on a salary basis as specified in this division, and shall be paid only from the Township general fund or from funds in proportions as the Board may specify by resolution.

In addition, 2004 Op. Att'y Gen. No. 2004-036 requires the trustees and fiscal officer to establish administrative procedures to document the proportionate amount chargeable to other Township funds based on the kinds of services rendered when trustee and fiscal officer salaries are not paid from the general fund. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on Township business and the type of service performed, in a manner similar to trustees' paid per diem compensation. If trustees or fiscal officer do not document their time, then no part of salaries may be paid from these other funds.

During 2012, the Township paid the Trustee's salaries, state and federal withholdings and Ohio Public Employees Retirement System (OPERS) as follows: 49.3% from the General Fund and 50.7% from the Gasoline Tax Fund. The Township did pass a resolution as required on April 24, 2012, approving the allocation of salaries at 75.5% from the General Fund and 24.5% from the Gasoline Tax Fund; however, the actual amount paid in 2012 did not follow this allocation. Additionally, the Trustees did not maintain supporting documentation, such as payroll timesheets or payroll certifications, to justify the salaries totaling \$11,157 paid from the Gasoline Tax Fund for the Trustee's wages and withholdings. Also, Trustee and Fiscal Officer OPERS employer withholdings should have been paid from the General Fund. 2012 OPERS employer withholdings totaling \$4,466 were paid from the Motor Vehicle Fund. Since no payroll timesheets or payroll certifications were maintained, 100% of the Trustee's salaries, state and federal withholding and OPERS should have been paid from the General Fund.

During 2013, the Township paid the Trustee's salaries as follows: 24.5% from the General Fund and 75.5% from the Gasoline Tax Fund. The Township did pass a resolution as required on April 24, 2012, approving the allocation of salaries at 75.5% from the General Fund and 24.5% from the Gasoline Tax Fund; however, the actual amount paid in 2013 did not follow this allocation. Additionally, the Trustees did not maintain supporting documentation, such as payroll timesheets or payroll certifications, to justify the salaries totaling \$16,596 paid from the Gas Tax Fund for the Trustee's wages and withholdings. Also, Trustee and Fiscal Officer OPERS employer withholdings should have been paid from the General Fund. 2013 OPERS employer withholdings totaling \$4,466 were paid from the Motor Vehicle Fund. Lastly, certain healthcare reimbursements paid to the Trustee's was incorrectly paid from the Gas Tax Fund totaling \$2,616. Since no payroll timesheets or payroll certifications were maintained, 100% of the Trustee's salaries, state and federal withholdings, OPERS, and healthcare reimbursements should have been paid from the General Fund.

**CLARK TOWNSHIP
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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Finding Number 2013-001 (continued)

Material Weakness and Noncompliance - Ohio Rev. Code §§ 505.24(C) and 507.09(C) (Continued)

House Bill 153 modified Ohio Rev. Code §§ 505.24 and 507.09. Specifically, the Bill modified Ohio Rev. Code § 505.24 to require township trustees paid by the annual salary method, that compensate from funds other than the general fund, to certify the percentage of the time spent working on matters that are to be paid from funds other than the General Fund. Each township trustee and township fiscal officer that is compensated from funds other than the General Fund must complete the certification prior to receiving his/her pay for that pay period. The certification must be done individually, but is not required to be notarized. While the certification requirement only applies to township trustees and township fiscal officers, documentation is still required where a township compensates other township employees from funds other than the General Fund.

As a result of not adhering to the Ohio Revised Code and House Bill 153, the General Fund should have paid for 100% of the Trustees and Fiscal Officer salaries, state and federal withholdings, OPERS and certain healthcare reimbursements.

The Trustees and Fiscal Officer should implement practices to ensure compliance with House Bill 153 and perform the required certifications. Also, since the Ohio Revised Code and House Bill 153 were not followed, the General Fund in 2012 and 2013 should have paid an additional \$15,623 (Motor Vehicle Fund of \$4,466 and Gas Tax Fund of \$11,157) and \$23,678 (Motor Vehicle Fund of \$4,466 and Gas Tax Fund of \$19,212), respectively, which totals \$39,301.

The Township's financial statements and ledgers have been adjusted accordingly.

Official's Response: The client has elected not to respond.

Finding Number 2013-002

Material Weakness - Financial Reporting

As a result of audit procedures performed, errors were noted in the Township's financial statements for 2013 and 2012 that required audit adjustments and reclassifications as follows:

- The Township did not complete the required payroll certifications. Therefore, payroll and related fringe benefits for the Trustees and the Fiscal Officer were improperly allocated to certain Special Revenue Funds. Adjustments were made in the amount of \$23,678 and \$15,623 in 2013 and 2012, respectively. The adjustments resulted in negative fund balances in the General Fund in the amount of \$8,738 in 2012 and \$34,256 in 2013.

The following are related to 2012:

- Public Safety expenditures totaling \$2,548 and Human Services expenditures totaling \$9,975 were improperly classified as Public Works expenditures in the General Fund;
- Health expenditures totaling \$1,843 were improperly classified as General Government expenditures;
- Intergovernmental and Charges for Services receipts totaling \$97,708 and \$2,900, respectively, were improperly classified as Property and Other Local Taxes in certain Special Revenue Funds;
- Human Services expenditures totaling \$3,492 were improperly classified as Public Works expenditures in certain Special Revenue Funds.

**CLARK TOWNSHIP
COSHOCOTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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Finding Number 2013-002 (continued)

Material Weakness - Financial Reporting (Continued)

The following are related to 2013:

- Human Services expenditures totaling \$8,040 were improperly classified as Other expenditures in the General Fund;
- Intergovernmental and Property Tax receipts totaling \$8,974 and \$606, respectively, were improperly classified as Other receipts in the General Fund;
- Intergovernmental and Charges for Services receipts totaling \$97,226 and \$2,250, respectively, were improperly classified as Property and Other Local Taxes in certain Special Revenue Funds;
- Human Services and Public Works expenditures totaling \$1,891 and \$80,423, respectively, were improperly classified as General Government expenditures in certain Special Revenue Funds.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of the financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit.

The financial statements and the client's ledgers have been adjusted accordingly.

Official's Response: The client has elected not to respond.

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Dave Yost • Auditor of State

CLARK TOWNSHIP

COSHOCTON 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 31, 2014**