

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2015 - DECEMBER 31, 2016**





# Dave Yost • Auditor of State

Board of Trustees  
Clearcreek Township  
10474 Dozer Road  
Stoutsville, Ohio 43154

We have reviewed the *Independent Auditors' Report* of Clearcreek Township, Fairfield County, prepared by Wilson, Phillips & Agin, CPA's, Inc., 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. Clearcreek 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 25, 2017

**This page intentionally left blank.**

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY  
JANUARY 1, 2015 - DECEMBER 31, 2016**

**TABLE OF CONTENTS**

Table of Contents	( i )
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2016	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2015	4
Notes to the Financial Statements	5
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	14
Schedule of Findings	16
Schedule of Prior Audit Findings	18

**This page intentionally left blank.**

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Clearcreek Township  
Fairfield County  
10474 Dozer Road  
Stoutsville, Ohio 43154

To the Township Trustees:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of Clearcreek Township, Fairfield County, 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.

**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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonable 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 permitted 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 Clearcreek Township, Fairfield County 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 combined cash balances of Clearcreek Township, Fairfield County as of December 31, 2016 and 2015, 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(D) permit, described in Note 2.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated June 19, 2017, on our consideration of Clearcreek 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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 19, 2017



**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 71,202	\$ 365,563	\$ -	\$ -	\$ 436,765
Charges for Services	-	162,036	-	-	162,036
License, Permits and Fees	24,152	6,620	-	-	30,772
Intergovernmental	28,856	170,894	-	-	199,750
Earnings on Investments	1,207	86	-	539	1,832
Miscellaneous	519	20,985	-	-	21,504
<b>Total Cash Receipts</b>	<b>125,936</b>	<b>726,184</b>	<b>-</b>	<b>539</b>	<b>852,659</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	83,659	7,724	-	-	91,383
Public Safety	-	184,211	-	-	184,211
Public Works	-	370,668	-	-	370,668
Health	14,976	35,800	-	-	50,776
Human Services	-	-	-	-	-
Other	343	1,029	-	-	1,372
Capital Outlay	28,341	16,443	7,110	-	51,894
Debt Service:					
Principal Payments	-	29,345	-	-	29,345
Interest Payments	-	1,299	-	-	1,299
<b>Total Cash Disbursements</b>	<b>127,319</b>	<b>646,519</b>	<b>7,110</b>	<b>-</b>	<b>780,948</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(1,383)</b>	<b>79,665</b>	<b>(7,110)</b>	<b>539</b>	<b>71,711</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfer In	-	15,000	75,000	-	90,000
Transfer Out	(15,000)	(75,000)	-	-	(90,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(15,000)</b>	<b>(60,000)</b>	<b>75,000</b>	<b>-</b>	<b>-</b>
<b>Excess/(Deficiency) of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(16,383)</b>	<b>19,665</b>	<b>67,890</b>	<b>539</b>	<b>71,711</b>
<b>Fund Cash Balances, January 1,</b>	<b>212,346</b>	<b>709,465</b>	<b>270,934</b>	<b>61,793</b>	<b>1,254,538</b>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	-	-	-	42,957	42,957
Restricted	-	727,769	338,824	19,375	1,085,968
Assigned	944	1,361	-	-	2,305
Unassigned	195,019	-	-	-	195,019
<b>Fund Cash Balances, December 31</b>	<b>\$ 195,963</b>	<b>\$ 729,130</b>	<b>\$ 338,824</b>	<b>\$ 62,332</b>	<b>\$ 1,326,249</b>

See notes to financial statements.

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

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

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$ 65,267	\$ 336,182	\$ -	\$ -	\$ -	\$ 401,449
Charges for Services	-	174,965	-	-	-	174,965
License, Permits and Fees	26,030	7,665	-	-	-	33,695
Intergovernmental	70,823	197,464	-	-	-	268,287
Earnings on Investments	1,250	94	-	-	167	1,511
Miscellaneous	6,742	59,494	-	-	-	66,236
<b>Total Cash Receipts</b>	<u>170,112</u>	<u>775,864</u>	<u>-</u>	<u>-</u>	<u>167</u>	<u>946,143</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	94,452	2,880	-	-	-	97,332
Public Safety	-	159,973	-	-	-	159,973
Public Works	-	375,639	-	-	-	375,639
Health	14,552	36,367	-	-	-	50,919
Human Services	-	-	-	-	-	-
Other	1,355	-	-	-	-	1,355
Capital Outlay	-	201,524	-	92,581	-	294,105
Debt Service:						
Principal Payments	-	30,633	326	-	-	30,959
Interest Payments	-	1,717	-	-	-	1,717
<b>Total Cash Disbursements</b>	<u>110,359</u>	<u>808,733</u>	<u>326</u>	<u>92,581</u>	<u>-</u>	<u>1,011,999</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	59,753	(32,869)	(326)	(92,581)	167	(65,856)
<b>Other Financing Receipts and (Disbursements):</b>						
Transfer In	-	-	326	75,000	-	75,326
Transfer Out	(25,000)	(50,326)	-	-	-	(75,326)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(25,000)</u>	<u>(50,326)</u>	<u>326</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
<b>Excess/(Deficiency) of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	34,753	(83,195)	-	(17,581)	167	(65,856)
<b>Fund Cash Balances, January 1,</b>	<u>177,593</u>	<u>792,660</u>	<u>-</u>	<u>288,515</u>	<u>61,626</u>	<u>1,320,394</u>
<b>Fund Cash Balances, December 31</b>						
Nonspendable	-	-	-	-	42,957	42,957
Restricted	-	707,233	-	270,934	18,836	997,003
Assigned	912	2,232	-	-	-	3,144
Unassigned	211,434	-	-	-	-	211,434
<b>Fund Cash Balances, December 31</b>	<u>\$ 212,346</u>	<u>\$ 709,465</u>	<u>\$ -</u>	<u>\$ 270,934</u>	<u>\$ 61,793</u>	<u>\$ 1,254,538</u>

See notes to financial statements.

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Clearcreek Township, Fairfield County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance and fire protection services.

The Township participates in a public entity risk pool and a jointly governed organization. Note 6 and 11 to the financial statements provide additional information for these entities.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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.

**B. 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.

**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:

**Road & Bridge Fund** – This fund receives property tax monies to pay for constructing, maintaining, and repairing Township roads.

**Fire District Fund** – This fund receives property tax monies for fire operations.

**EMS Fund** – This fund receives property tax monies for emergency medical services.

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Fund:

**Fire Miscellaneous Debt Service Fund** – This fund accounts for the accumulation of resources from transfers from the Fire District Special Revenue Fund for the payment of debt.

**EMS Miscellaneous Debt Service Fund** – This fund accounts for the accumulation of resources from transfers from the EMS Special Revenue Fund for the payment of debt.

**Capital Projects Fund**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Projects Fund:

**Capital Reserve Fire Fund** – This fund established under ORC 5705.13 accounts for the accumulation of resources from transfers from the Fire District Special Revenue Fund for the purchase of fire equipment.

**Capital Reserve EMS Fund** – This fund established under ORC 5705.13 accounts for the accumulation of resources from transfers from the EMS Special Revenue Fund for the purchase of EMS equipment.

**Capital Reserve Township Barn Fund** – This fund established under ORC 5705.13 accounts for the accumulation of resources from transfers from the General Fund and Road & Bridge Fund for the construction, and/or remodel of the Township barn.

**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 of its citizenry). The Township had the following significant permanent fund:

**Cemetery Endowment Fund** – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**C. 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 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

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

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control and appropriations may not exceed estimated resources. The 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.

A summary of 2016 and 2015 appears in Note 3.

**E. Deposits and Investments**

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

**F. 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. 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.

**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.

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2016 and 2015 is as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 115,353	\$ 125,936	\$ 10,583
Special Revenue	802,171	741,184	(60,987)
Capital Projects	75,000	75,000	-
Permanent	250	539	289
Total	\$ 992,774	\$ 942,659	\$ (50,115)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 177,601	\$ 143,263	\$ 34,338
Special Revenue	912,000	722,880	189,120
Capital Projects	225,000	7,110	217,890
Total	\$ 1,314,601	\$ 873,253	\$ 441,348

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 219,643	\$ 170,112	\$ (49,531)
Special Revenue	1,029,661	775,864	(253,797)
Debt Service	326	326	-
Capital Projects	288,515	75,000	(213,515)
Permanent	200	167	(33)
Total	\$ 1,538,345	\$ 1,021,469	\$ (516,876)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 274,112	\$ 136,271	\$ 137,841
Special Revenue	1,298,860	861,291	437,569
Debt Service	326	326	-
Capital Projects	577,029	92,581	484,448
Total	\$ 2,150,327	\$ 1,090,469	\$ 1,059,858

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**4. EQUITY IN POOLED CASH**

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

	<u>2016</u>	<u>2015</u>
Demand Deposits	\$ 1,270,996	\$ 1,199,592
Certificates of Deposits	<u>55,253</u>	<u>54,946</u>
Total Deposits and Investments	<u>\$ 1,326,249</u>	<u>\$ 1,254,538</u>

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

**5. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Township.

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

**6. RISK MANAGEMENT**

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.) 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.

Commercial Insurance



**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**6. RISK MANAGEMENT(Continued)**

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 (the latest information available):

	2016	2015
Assets	\$38,473,283	\$37,313,311
Liabilities	(8,244,140)	(8,418,518)
Retained Earnings	\$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 millions 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 \$11,524.

Based on discussion 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	\$24,783
2015	25,098
2014	21,346

After completing 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.

**7. DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant’s gross salaries. The Township has paid all contributions required through December 31, 2016.

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**7. DEFINED BENEFIT PENSION PLANS**

*Social Security*

Several Township 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.

**8. 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.

**9. DEBT**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest rate
Truck and Body Note 2012	\$ 11,564	2.30%
Truck Note 2015	17,560	2.75%
Total	\$ 29,124	

On July 12, 2012, the Township entered into a loan agreement with Kingston National Bank to purchase a truck and body dump truck in the amount of \$115,410. Payments will be made semi-annually in the amount of \$12,248 paid from the Road and Bridge Fund.

On March 11, 2015, the Township entered into a loan agreement with Kingston National Bank to purchase a truck in the amount of \$28,738. Payments will be made semi-annually in the amount of \$3,069 paid from the Road and Bridge Fund.

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

Year Ended December 31	Truck and Body	2015 Truck
2017	\$ 11,702	\$ 6,138
2018	-	6,138
2019	-	6,138
Total	\$ 11,702	\$ 18,414

**10. PUBLIC ENTITY RISK POOL**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**11. JOINTLY GOVERNED ORGANIZATIONS**

Fairfield Regional Planning Commission – The Township appoints a member of the zoning commission to represent the Township on the 48-member board of the Fairfield Regional Planning Commission. The Townships membership amount was \$874 for 2016 and 2015, respectively. There is no ongoing financial responsibility by the Township.

**This page intentionally left blank.**

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

Clearcreek Township  
Fairfield County  
10474 Dozer Road  
Stoutsville, Ohio 43154

To the Township Trustees:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Clearcreek Township, Fairfield County 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 19, 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 Clearcreek 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.

*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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider Finding 2016-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Clearcreek 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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-002.

***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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
June 19, 2017

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-001**

**Significant Deficiency – Reclassifications**

Sound financial reporting is the responsibility of the Fiscal Officer and the member of the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following reclassification and adjustments were made to the financial statements for 2016:

- Reclassification to Assigned Fund Balance in the General Fund and reduce Unassigned Fund Balance by \$944.
- An adjustment to increase Principal Retirement by \$172 and decrease Capital Outlay by \$172 to properly state debt principal paid in the Road and Bridge Fund.

The following adjustments were made to the financial statements for 2015:

- Reclassification to Assigned Fund Balance in the General Fund and reduce Unassigned Fund Balance by \$912
- Reclassification to Assigned Fund Balance in the Special Revenue Fund and reduce Restricted Fund Balance by \$2,232
- An adjustment to increase Principal Retirement by \$1,877 and decrease Capital Outlay by \$1,877 to properly state debt principal paid in the Road and Bridge Fund.

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

We recommend the Fiscal Officer and Trustees take steps to ensure the accurate posting of all transaction the Township incurs. Disbursements made by check should not be coded to transfers out when paid to an outside vender.

Reclassifications and adjustments are reflected within the accompanying financial statements.

Client Response: We received no response form client.

**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-002**

**Noncompliance**

Ohio Revised Code Chapter 133 allows various methods for subdivisions to incur debt. Section 133.22 allows a subdivision to issue anticipatory securities, Section 133.10 allows anticipation securities in anticipation of current property tax revenues, Section 133.14 allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and Section 133.18 allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question is issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2015, the Township signed a promissory note with a local bank to purchase a Truck in the amount of \$28,738. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133.

The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships.

We recommend the Township contact their legal counsel before incurring any future debt.

Client Response: We have not received a response from the client.



**CLEARCREEK TOWNSHIP  
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2016**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2014-01	Material Weakness Financial Statements Adjustments	No	In current audit as Finding 2016-001 as a Significant Deficiency

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**CLEARCREEK TOWNSHIP**

**FAIRFIELD 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  
SEPTEMBER 7, 2017**