



**CLARK TOWNSHIP
HOLMES COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CLARK TOWNSHIP
HOLMES COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Clark Township
Holmes County
3764 C.R. 70
Sugarcreek, Ohio 44681

To the Board of Trustees:

We have audited the accompanying financial statements of Clark Township, Holmes County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

May 6, 2002

**CLARK TOWNSHIP
HOLMES COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>		
Cash Receipts:					
Taxes	\$50,673	\$146,578	\$0		\$197,251
Charges for Services		21,171			21,171
Intergovernmental	31,582	91,275			122,857
Earnings on Investments	6,729	2,007		\$20	8,756
Other Revenue	1,623	140			1,763
Total Cash Receipts	<u>90,607</u>	<u>261,171</u>	<u>0</u>	<u>20</u>	<u>351,798</u>
Cash Disbursements:					
Current:					
General Government	88,499				88,499
Public Works		238,361			238,361
Capital Outlay	10,000	24,368			34,368
Total Cash Disbursements	<u>98,499</u>	<u>262,729</u>	<u>0</u>	<u>0</u>	<u>361,228</u>
Total Receipts (Under) Disbursements	<u>(7,892)</u>	<u>(1,558)</u>	<u>0</u>	<u>20</u>	<u>(9,430)</u>
Other Financing Receipts					
Sale of Assets		5,600			5,600
Total Other Financing Receipts	<u>0</u>	<u>5,600</u>	<u>0</u>	<u>0</u>	<u>5,600</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(7,892)</u>	<u>4,042</u>		<u>20</u>	<u>(3,830)</u>
Fund Cash Balances, January 1	<u>81,197</u>	<u>227,313</u>	<u>96</u>	<u>956</u>	<u>309,562</u>
Fund Cash Balances, December 31	<u>\$73,305</u>	<u>\$231,355</u>	<u>\$96</u>	<u>\$976</u>	<u>\$305,732</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

CLARK TOWNSHIP
HOLMES COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Non-Expendable Funds</u>	
Cash Receipts:					
Taxes	\$48,253	\$142,600	\$0		\$190,853
Charges for Services		30,289			30,289
Intergovernmental	35,712	82,979			118,691
Earnings on Investments	8,967	2,383		\$20	11,370
Other Revenue	309				309
Total Cash Receipts	<u>93,241</u>	<u>258,251</u>	<u>0</u>	<u>20</u>	<u>351,512</u>
Cash Disbursements:					
Current:					
General Government	81,831				81,831
Public Works		235,181			235,181
Capital Outlay	30,000	43,786			73,786
Total Cash Disbursements	<u>111,831</u>	<u>278,967</u>	<u>0</u>	<u>0</u>	<u>390,798</u>
Total Receipts Over/(Under) Disbursements	(18,590)	(20,716)	0	20	(39,286)
Fund Cash Balances, January 1	<u>99,787</u>	<u>248,029</u>	<u>96</u>	<u>936</u>	<u>348,848</u>
Fund Cash Balances, December 31	<u>\$81,197</u>	<u>\$227,313</u>	<u>\$96</u>	<u>\$956</u>	<u>\$309,562</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$49</u>	<u>\$0</u>	<u>\$0</u>	<u>\$49</u>

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

**CLARK TOWNSHIP
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clark Township, Holmes County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and cemetery maintenance.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Township invests in certificates of deposit which are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

**CLARK TOWNSHIP
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads.

Road Levy Fund - This fund receives property tax money to construct, maintain and repair Township roads.

3. Debt Service Funds

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township's Debt Service Fund had no activity during the audit period.

4. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Non-Expendable Trust Fund. The Township has the following significant Non-Expendable Trust Fund:

Fisher Cemetery Fund - This fund is used to record the investment income received on monies donated to the Fisher Cemetery and is used for the general maintenance of the cemetery.

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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**CLARK TOWNSHIP
HOLMES COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$231,562	\$239,172
Certificates of Deposit	<u>74,170</u>	<u>70,390</u>
Total deposits and investments	<u><u>\$305,732</u></u>	<u><u>\$309,562</u></u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the securities pledged by the financial institution.

**CLARK TOWNSHIP
HOLMES COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 was as follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,919	\$90,607	\$13,688
Special Revenue	248,903	266,771	17,868
Non-Expendable Trust	20	20	0
Total	<u>\$325,842</u>	<u>\$357,398</u>	<u>\$31,556</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$131,217	\$98,499	\$32,718
Special Revenue	416,074	262,729	153,345
Non-Expendable Trust	300	0	300
Total	<u>\$547,591</u>	<u>\$361,228</u>	<u>\$186,363</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,898	\$93,241	\$20,343
Special Revenue	205,753	258,251	52,498
Non-Expendable Trust	20	20	0
Total	<u>\$278,651</u>	<u>\$351,492</u>	<u>\$72,841</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,683	\$111,831	\$28,852
Special Revenue	358,452	279,016	79,436
Non-Expendable Trust	300	0	300
Total	<u>\$499,435</u>	<u>\$390,847</u>	<u>\$108,588</u>

**CLARK TOWNSHIP
HOLMES COUNTY**

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

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEM

The Township's part-time employees and officials belong to the Public Employees Retirement System (PERS) of Ohio. The plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobiles
- Electronic/Media

The Township also provides health insurance to officials and employees through private insurance carriers.

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

Clark Township
Holmes County
3764 C.R. 70
Sugarcreek, Ohio 44681

To the Board of Trustees:

We have audited the financial statements of Clark Township, Holmes County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our reports thereon dated May 6, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 6, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted an immaterial matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 6, 2002.

This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 6, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CLARK TOWNSHIP

HOLMES 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
JUNE 18, 2002**