



**Auditor of State
Betty Montgomery**

CLARK TOWNSHIP
BROWN COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Clark Township
Brown County
1250 Pride Hill Road
Hamersville, Ohio 45130

To the Board of Trustees:

We have audited the accompanying financial statements of Clark Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The Township's financial statements do not include receipts, disbursements and cash balances related to the Emergency Medical Services Fund and the Emergency Medical Services Donations/Memorial Fund which should be included in the Clark Township financial statements in order to conform with accounting principles. If the omitted funds had been included, the Special Revenue Fund balance as of December 31, 2002 would have been increased by \$100,476 and as of December 31, 2003 would have increased by \$64,557. There would have also been financial activity related to the cash receipts and disbursements of these funds that would have been reported on the Township's financial statements in the Special Revenue Fund type had we been able to obtain documentation. These cash fund balances denoted above are based on unaudited information.

The Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, except for the omission of special revenue funds' receipts, disbursements and cash balances referred to above, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2003 and 2002, 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 August 31, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Betty Montgomery
Auditor of State

August 31, 2004

**CLARK TOWNSHIP
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$14,197	\$120,122	\$134,319
Intergovernmental	136,136	83,288	219,424
Charges for Services		25,018	25,018
Earnings on Investments	1,048	72	1,120
Other Revenue	3,462	2,969	6,431
	<u>154,843</u>	<u>231,469</u>	<u>386,312</u>
Total Cash Receipts			
	<u>154,843</u>	<u>231,469</u>	<u>386,312</u>
Cash Disbursements:			
Current:			
General Government	55,200		55,200
Public Safety		32,400	32,400
Public Works	79,222	49,998	129,220
Health	1,769		1,769
Redemption of Principal		10,000	10,000
Interest and Fiscal Charges		19,180	19,180
Capital Outlay	2,214	236,232	238,446
	<u>138,405</u>	<u>347,810</u>	<u>486,215</u>
Total Cash Disbursements			
	<u>138,405</u>	<u>347,810</u>	<u>486,215</u>
Total Receipts Over/(Under) Disbursements	<u>16,438</u>	<u>(116,341)</u>	<u>(99,903)</u>
Other Financing Receipts and (Disbursements):			
Sale of Notes		125,000	125,000
Other Financing Sources		65,632	65,632
Other Uses		(61,189)	(61,189)
	<u>0</u>	<u>129,443</u>	<u>129,443</u>
Total Other Financing Receipts/(Disbursements)			
	<u>0</u>	<u>129,443</u>	<u>129,443</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	16,438	13,102	29,540
Fund Cash Balances, January 1	<u>19,649</u>	<u>194,156</u>	<u>213,805</u>
Fund Cash Balances, December 31	<u>\$36,087</u>	<u>\$207,258</u>	<u>\$243,345</u>

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

**CLARK TOWNSHIP
BROWN COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$13,504	\$119,161	\$132,665
Intergovernmental	80,537	79,795	160,332
Charges for Services		30,458	30,458
Earnings on Investments	2,059	310	2,369
Other Revenue	<u>2,606</u>		<u>2,606</u>
Total Cash Receipts	<u>98,706</u>	<u>229,724</u>	<u>328,430</u>
Cash Disbursements:			
Current:			
General Government	60,725		60,725
Public Safety		60,917	60,917
Public Works	73,004	225,186	298,190
Health	5,307		5,307
Redemption of Principal		10,000	10,000
Interest and Fiscal Charges		19,730	19,730
Capital Outlay	<u>340</u>	<u>54,720</u>	<u>55,060</u>
Total Cash Disbursements	<u>139,376</u>	<u>370,553</u>	<u>509,929</u>
Total Receipts (Under) Disbursements	<u>(40,670)</u>	<u>(140,829)</u>	<u>(181,499)</u>
Other Financing (Disbursements):			
Other Uses		<u>(954)</u>	<u>(954)</u>
Total Other Financing (Disbursements)	<u>0</u>	<u>(954)</u>	<u>(954)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(40,670)	(141,783)	(182,453)
Fund Cash Balances, January 1	<u>60,319</u>	<u>335,939</u>	<u>396,258</u>
Fund Cash Balances, December 31	<u><u>\$19,649</u></u>	<u><u>\$194,156</u></u>	<u><u>\$213,805</u></u>

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

**CLARK TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clark Township, Brown County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance. The Township contracts with Lewis Township and Scott Township to provide fire services.

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

B. Basis of Accounting

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

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

C. Cash Deposits

The Township maintains all funds in an interest-bearing checking account.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Road and Bridge Fund - receives proceeds from tax levy for constructing, maintaining and repairing Township roads and bridges.

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

Fire Levy Fund – receives proceeds from tax levy for providing Township residents with fire protection and charges for services provided to Lewis and Scott Township residents.

**CLARK TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end. There were no material encumbrances 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. There were no material encumbrances outstanding as of December 31, 2003 and 2002.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH DEPOSITS

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

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$243,345</u>	<u>\$213,805</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**CLARK TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$196,163	\$154,843	(\$41,320)
Special Revenue	586,514	422,101	(164,413)
Total	\$782,677	\$576,944	(\$205,733)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,078	\$138,405	(\$26,327)
Special Revenue	483,039	408,999	74,040
Total	\$595,117	\$547,404	\$47,713

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,738	\$98,706	\$18,968
Special Revenue	321,070	229,724	(91,346)
Total	\$400,808	\$328,430	(\$72,378)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,056	\$139,376	\$680
Special Revenue	657,008	371,507	285,501
Total	\$797,064	\$510,883	\$286,181

4. PROPERTY TAX

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

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.

**CLARK TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. PROPERTY TAX (Continued)

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

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Fire Truck Note	125,000	4.00%
Fire House Bond	320,000	5.00%
Total	\$445,000	

In 2003 the Township issued a note in the amount of \$125,000 to finance the purchase of new fire truck to be used for Township fire protection. These notes mature in 2008.

In 2000 the Township issued \$350,000 of bonds to finance the construction of a new firehouse. These bonds mature in 2020.

These bonds and notes are general obligations of the Township. Amortization of the above debt, including interest, is scheduled as follows:

	Note	Bond	Total
Year ending December 31:			
2004	27,805	28,630	56,435
2005	27,805	28,080	55,885
2006	27,805	32,530	60,335
2007	27,805	31,705	59,510
2008	27,805	30,880	58,685
2009-2013		151,550	151,550
2014-2018		153,040	153,040
2019-2020		60,100	60,100
Total	\$139,025	\$516,515	\$655,540

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**CLARK TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Risk Pool Membership

The Government 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 that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

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 2003 and 2002.

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

CLARK TOWNSHIP
BROWN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

7. RISK MANAGEMENT (Continued)

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>



Auditor of State Betty Montgomery

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

Clark Township
Brown County
1250 Pride Hill Road
Hamersville, Ohio 45130

To the Board of Trustees:

We have audited the accompanying financial statements of Clark Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 31, 2004, which was qualified for omitting financial transactions of the Emergency Medical Services Fund and the Emergency Medical Services Donations/Memorial) in the Township's Special Revenue Fund type. We also noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in accompanying schedule of findings as item 2003-001 through 2003-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 31, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-003.

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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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider item 2003-003 to be a material weakness. We also noted certain matters 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 August 31, 2004.

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



Betty Montgomery
Auditor of State

August 31, 2004

**CLARK TOWNSHIP
BROWN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Noncompliance

Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. General Fund 2003 budgetary expenditures of \$138,405 exceeded appropriations of \$112,078 by \$26,377.

The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2003-002

Noncompliance

Ohio Rev. Code, Section 505.84, states that a board of township trustees may establish reasonable charges for the use of ambulance or emergency medical services. The statute also states "charges collected under this section shall be kept in a separate fund designated as "the ambulance and emergency medical services fund" and shall be appropriated and administered by the board". These funds "shall be used for payment of the costs of the management, maintenance, and operation of ambulance and emergency medical services in the township".

Clark Township operates a fire and ambulance and emergency medical services department under a voted tax levy which funds these services to be provided to Clark Township and Hamersville Village. The ambulance and emergency medical services department has a bank account which is maintained by the Chief that has funds collected for billings to individuals for the use of the ambulance and emergency medical services provided by Clark Township. This account is not currently held by the Township Clerk and the funds are not deposited into an ambulance and emergency medical services fund per statute. The financial statements do not include the receipts, disbursements or cash balances related to these services.

Review of the Township minutes did not reveal that the Trustees had ever established charges to residents for this service. We recommend the Trustees consult with their legal counsel (the County Prosecutor) to assure they are collecting fees according to the requirements of the statute.

The Township Clerk should establish an ambulance and emergency medical services fund and the proceeds from the current bank account held by the Chief should be deposited with the Clerk to the credit of this Township account. If the Trustees continue to bill for these services all the proceeds from future billings should be deposited into this fund with the Township Clerk also. Additionally, these funds should be appropriated and maintained by the Township Trustees and used for those expenditures provided by the above section of law.

On June 28, 2004 this was discussed with the Clerk, EMS Chief and one of the Trustees.

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

FINDING NUMBER 2003-003

Material Weakness – Reportable Condition

The ambulance and emergency medical services department has a separate bank account which is maintained by the Chief that has funds that they received from residents of the Township as donations or memorials. The Chief has traditionally deposited these funds in a bank account which is separate from the Township's managed bank accounts. From discussions regarding this account with the Chief it has been stated that this account is maintained under the federal tax identification number of Clark Township. Additionally, there is not a separate organization that has been legally established with its own federal tax identification number. Funds that have been collected in the past appear to be public funds which belong to Clark Township and should be maintained by the Clerk on the Township's financial accounting records.

If the ambulance and emergency medical service department members and Chief wish to do fundraising as an auxiliary organization, they should discuss with legal counsel the proper method to legally establish a separate organization, obtain a federal tax identification number, consider the need to establish exempt status with the IRS regarding federal income tax, and clearly communicate that fundraising activities are for this auxiliary organization and not Clark Township.

The 2002 and 2003 financial statements for Clark Township currently do not contain all the financial activity of the EMS and donation accounts. As of December 31, 2003 per our review of the various bank statements there was \$23,840 on deposit in the EMS billing account and per review of the various bank statements, certificate of deposits and stock certificates we found there was \$40,717 in funds being held from donations. The omission of these funds and their financial activity resulted in the 2002 and 2003 special revenue fund type presented in this audit being materially understated and thus our issuance of a qualified audit opinion due to omission of these funds.

We recommend that those funds in the outside donation account be paid over to the Township. Further, all future transactions should be accounted for on the Township's financial accounting records, unless a separate legal entity has been properly established for future auxiliary fundraising purposes, and proper documentation is maintained to demonstrate that monies collected to support auxiliary services are not public funds of the Township.

On June 28, 2004 this was discussed with the Clerk, EMS Chief and one of the Trustees.



**Auditor of State
Betty Montgomery**

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CLARK TOWNSHIP

BROWN 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
OCTOBER 5, 2004**