



Dave Yost • Auditor of State



CLARK TOWNSHIP  
BROWN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014.....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17
Schedule of Prior Audit Findings .....	21

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Clark Township  
Brown County  
224 Bank Street  
Hamersville, Ohio 45130

To the Township Board of 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 Clark Township, Brown County, (the Township) as of and for the years ended December 31, 2015 and 2014.

### ***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 opinions.

### ***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 (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification on Regulatory Basis of Accounting***

The Township has omitted from the financial statements charges for services amounts collected for Emergency Medical Services (EMS) and held in a separate bank account. Amounts for services and related cash balances omitted from the financial statements totaled \$6,382 for the year ended December 31, 2014.

Also, we were unable to obtain sufficient appropriate audit evidence supporting the completeness and accuracy for EMS Charges for Services deposited into the Township's bank account. The undocumented transactions represent 27% of 2015 special revenue fund receipts and 9% of the 2014 special revenue fund receipts.

***Additional Opinion Qualification on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Clark Township, Brown County as of December 31, 2015 and 2014, 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2016, 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.

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

September 14, 2016

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**CLARK TOWNSHIP  
BROWN COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$18,738	\$130,275	\$149,013
Charges for Services	0	138,503	138,503
Intergovernmental	30,525	123,066	153,591
Earnings on Investments	331	185	516
Miscellaneous	6,326	0	6,326
<i>Total Cash Receipts</i>	<u>55,920</u>	<u>392,029</u>	<u>447,949</u>
<b>Cash Disbursements</b>			
Current:			
General Government	45,498	0	45,498
Public Safety	0	212,712	212,712
Public Works	0	172,758	172,758
Health	4,036	0	4,036
Other	0	41,913	41,913
Debt Service:			
Principal Retirement	0	38,498	38,498
Interest and Fiscal Charges	0	14,168	14,168
<i>Total Cash Disbursements</i>	<u>49,534</u>	<u>480,049</u>	<u>529,583</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,386</u>	<u>(88,020)</u>	<u>(81,634)</u>
<i>Net Change in Fund Cash Balances</i>	6,386	(88,020)	(81,634)
<i>Fund Cash Balances, January 1</i>	<u>13,049</u>	<u>523,419</u>	<u>536,468</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	435,399	435,399
Assigned	19,435	0	19,435
<i>Fund Cash Balances, December 31</i>	<u>\$19,435</u>	<u>\$435,399</u>	<u>\$454,834</u>

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

**CLARK TOWNSHIP  
BROWN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$18,042	\$125,334	\$143,376
Charges for Services	0	146,338	146,338
Intergovernmental	27,688	152,687	180,375
Miscellaneous	8,539	10,230	18,769
<i>Total Cash Receipts</i>	<u>54,269</u>	<u>434,589</u>	<u>488,858</u>
<b>Cash Disbursements</b>			
Current:			
General Government	49,124	0	49,124
Public Safety	0	228,590	228,590
Public Works	0	144,087	144,087
Health	4,407	0	4,407
Other	0	173,810	173,810
Debt Service:			
Principal Retirement	0	20,000	20,000
Interest and Fiscal Charges	0	10,160	10,160
<i>Total Cash Disbursements</i>	<u>53,531</u>	<u>576,647</u>	<u>630,178</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>738</u>	<u>(142,058)</u>	<u>(141,320)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	0	102,343	102,343
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>102,343</u>	<u>102,343</u>
<i>Net Change in Fund Cash Balances</i>	738	(39,715)	(38,977)
<i>Fund Cash Balances, January 1</i>	<u>12,311</u>	<u>563,134</u>	<u>575,445</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	523,419	523,419
Assigned	5,279	0	5,279
Unassigned (Deficit)	7,770	0	7,770
<i>Fund Cash Balances, December 31</i>	<u>\$13,049</u>	<u>\$523,419</u>	<u>\$536,468</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, 2015 AND 2014**

**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 the Clark Township, Brown 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, cemetery maintenance, fire protection and emergency medical 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 Section 117-2-03(D) permit.

**C. Deposits**

The Township's funds are deposited in interest bearing accounts. All deposits 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 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:

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

Fire Levy Fund – This fund receives proceeds from a tax levy for providing Township residents with fire protection and charges for services revenues from Lewis and Scott Township due to Clark Township providing services to these Townships.

CLARK TOWNSHIP  
BROWN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ambulance and Emergency Medical Services Fund – This fund receives charges for services revenue for providing emergency medical service.

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 carried over, and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. Committed

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

CLARK TOWNSHIP  
BROWN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. 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.

5. 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. DEPOSITS

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 at December 31 was as follows:

	2015	2014
Demand deposits	\$436,505	\$518,139
Certificates of deposit	18,329	18,329
Total deposits	<u>\$454,834</u>	<u>\$536,468</u>

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

**CLARK TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,000	\$55,920	\$10,920
Special Revenue	394,050	392,029	(2,021)
Total	\$439,050	\$447,949	\$8,899

  

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$67,779	\$49,534	\$18,245
Special Revenue	888,708	480,049	408,659
Total	\$956,487	\$529,583	\$426,904

  

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,200	\$54,269	\$6,069
Special Revenue	501,330	536,932	35,602
Total	\$549,530	\$591,201	\$41,671

  

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,511	\$53,531	\$6,980
Special Revenue	1,045,433	576,647	468,786
Total	\$1,105,944	\$630,178	\$475,766

**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.

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.

**CLARK TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Fire House Bond	\$130,000	5%
Fire Truck Loan	\$83,845	5%
Total	\$213,845	

In 2000, the Township issued general obligation bonds to finance the construction of a new firehouse. These bonds mature in 2020. In 2014, the Township purchased a fire truck at 5% interest.

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

	Fire House Bonds	Fire Truck Loan
Year ending December 31:		
2016	\$32,800	\$64,420
2017	31,300	44,000
2018	29,800	22,544
2019	28,300	
2020	31,800	
Total	\$154,000	\$130,964

**6. RETIREMENT SYSTEMS**

The Township officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**7. RISK MANAGEMENT**

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

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

**CLARK TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$9,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.



**CLARK TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

<b><u>Contributions to OTARMA</u></b>	
<b><u>2015</u></b>	<b><u>2014</u></b>
\$16,222	\$16,358

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**8. RELATED PARTY TRANSACTIONS**

A Township Trustee is owner of the Hamersville Coal & Feed Company, from which the Township made purchases during the audit period. The Township purchased items in the amount of \$1,029 and \$1,659 in 2015 and 2014 respectively. The Trustee did abstain from voting on the payments to Hamersville Coal & Feed Company. Also, one Township Trustee was related to two EMS workers and another Trustee was related to one EMS worker. The minutes did consistently document that they both abstained from approving payments to these individuals.

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# 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  
Brown County  
224 Bank Street  
Hamersville, Ohio 45130

To the Township 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 the cash balances, receipts, and disbursements by fund type of Clark Township, Brown County, (the Township as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated September 14, 2016 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. We qualified our opinion because the Township excluded EMS charges for services receipts and balances in the special revenue fund types; and we also were unable to obtain sufficient supporting documentation to verify the completeness of cash receipts related to the Emergency Medical Services Fund, included as part of the Special Revenue Funds.

### ***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.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a 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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-002.

***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.

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

September 14, 2016

**CLARK TOWNSHIP  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

**FINDING NUMBER 2015-001**

**Material Weakness**

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Also, Governmental Accounting Standards Board (GASB) codification sections 1800.165-.179 provides guidance on the classification of fund balances. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. GASB codification section 1800.176 clarifies that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. As noted below, the Township did not classify year end fund balances included as a budgetary resource in the subsequent year's budget fund balance as assigned.

We noted the following conditions related to the Township's accounting system:

Financial Statement Errors

- Intergovernmental receipts were incorrectly posted as tax receipts in the Permissive MVL fund in the amount of \$17,233 in 2014 and in the amount of \$17,186 in 2015.
- Miscellaneous receipts were incorrectly posted as intergovernmental receipts in the amount of \$10,641 in the General fund in 2014.
- Other debt proceeds receipts were incorrectly posted as miscellaneous receipts in the amount of \$102,343 in the Special Levy fund in 2014.
- Charges for Services receipts were incorrectly posted as miscellaneous receipts in the Ambulance and EMS fund in 2014 in the amount of \$97,221 and in the amount of \$107,250 in 2015.
- Principal payment disbursements were incorrectly posted as interest and fiscal charge disbursements in the Special Levy fund in the amount of \$18,498 in 2015.
- General fund balance was incorrectly classified as unassigned instead of assigned in the amount of \$5,279 in 2014 and \$29,165 in 2015.

The Township corrected the financial statements, where appropriate.

Failure to accurately post and report transactions could result in material errors in the Township's financial statements and reduces the Township's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the Township.

We recommend that the Township accurately record financial transactions.

**FINDING NUMBER 2015-001  
(Continued)**

Accounting Records – Township EMS Activity

The Township EMS department maintained a separate bank account related to EMS receipts. The EMS department periodically paid amounts from these accounts into the Township EMS fund; however, the Township did not maintain a sufficient accounting system or sufficient records related to this activity. The Township did not provide evidence that receipts paid from the EMS account to the Township EMS fund were complete and accurate.

As a result the Township omitted from the financial statements charges for services amounts collected and held in the separate bank account. The EMS squad periodically transferred these collections to the Township's EMS fund (the Township's bank account), however, the financial statements excluded charges for services receipts and cash balances held as of December 31, 2014. The cash balances omitted from the financial statements totaled \$6,382. The Township included the separate bank account in the financial statements starting December 2015. However, the amount the Township used was incorrect. The December 31, 2015 financial statements were adjusted by \$1,253 to include the full amount of the separate account. As mentioned in the previous paragraph, the Township was unable to provide sufficient evidence to support the completeness or accuracy of EMS charges for services deposited into the Township's bank account. This evidence should include billing reports and receipt reports.

The undocumented transactions represent 27% of 2015 special revenue fund receipts and 9% of the 2014 special revenue receipts.

The Township also did not provide evidence that they maintained accountability for receipts, disbursements and balances in the separate bank account. This accountability should include ensuring reconciliations are performed between run reports to billing reports and receipt reports from the billing service to deposits. We modified our opinion for the above noted condition.

We recommend the Township discontinue the use of the separate EMS account and maintain the required accounting system for all financial activity of the EMS department in the EMS fund on the Township's accounting system. We also recommend the Township ensure that reconciliations be performed between run reports to billing report and receipt reports.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2015-002**

**Material Noncompliance**

**Ohio Revised Code Section 505.84** states, in pertinent part, 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 designed as the "Fire and Rescue Services, Ambulance Services, and Emergency Medical Service 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 fire and rescue services, ambulance services, and emergency medical services in the Township.

The Township is charging its residents for these services; however, the Trustees never formally established charges to residents for this service. Without formal approval of rates documented in the minutes, the Township could be charging individuals incorrect rates, which can lead to over or under charging, findings for recovery and even law suits.

**FINDING NUMBER 2015-002  
(Continued)**

We recommend the Trustees consult with their legal counsel to assure they are charging and collecting fees in accordance with the requirements of the statute.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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CLARK TOWNSHIP  
BROWN COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2013-001	Posting errors	Reissue	Not Corrected; Repeat as 2015-001
2013-002	Ohio Revised Code Section 505.84	Reissue	Not Corrected; Repeat as 2015-003

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# Dave Yost • Auditor of State

**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 4, 2016**