



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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**REPORT OF INDEPENDENT ACCOUNTANTS**

Clark Township  
Holmes County  
3674 County Road 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, 1999 and 1998. 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 generally accepted auditing standards 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, 1999 and 1998, 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 March 20, 2000 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.

This report is intended solely for the information and use of 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.

**Jim Petro**  
Auditor of State

March 20, 2000



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$47,927	\$129,797	\$0	\$177,724
Intergovernmental	26,390	81,110		107,500
Charges for Services		16,651		16,651
Earnings on Investments	7,685	1,967		9,652
Other Revenue		202		202
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	82,002	229,727	0	311,729
<b>Cash Disbursements:</b>				
Current:				
General Government	70,965			70,965
Public Works	646	169,487		170,133
Capital Outlay	3,849			3,849
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	75,460	169,487	0	244,947
Total Cash Receipts Over Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	6,542	60,240	0	66,782
<b>Other Financing Receipts:</b>				
Other Sources	<hr/>	<hr/>	<hr/>	<hr/>
	191			191
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	6,733	60,240	0	66,973
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	93,054	187,789	96	280,939
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$99,787</b> <hr/>	<hr/> <b>\$248,029</b> <hr/>	<hr/> <b>\$96</b> <hr/>	<hr/> <b>\$347,912</b> <hr/>
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$0	\$0	\$0	\$0

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$40,760	\$111,601	\$0	\$152,361
Intergovernmental	32,150	77,796		109,946
Charges for Services		15,563		15,563
Earnings on Investments	6,721	1,629		8,350
Other Revenue	3,124			3,124
<b>Total Cash Receipts</b>	<u>82,755</u>	<u>206,589</u>	<u>0</u>	<u>289,344</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	64,797			64,797
Public Works		162,939		162,939
<b>Total Cash Disbursements</b>	<u>64,797</u>	<u>162,939</u>	<u>0</u>	<u>227,736</u>
<b>Total Cash Receipts Over Cash Disbursements</b>	<u>17,958</u>	<u>43,650</u>	<u>0</u>	<u>61,608</u>
<b>Other Financing Receipts:</b>				
Other Sources	10			10
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements</b>	<u>17,968</u>	<u>43,650</u>	<u>0</u>	<u>61,618</u>
<b>Fund Cash Balances, January 1</b>	<u>75,086</u>	<u>144,139</u>	<u>96</u>	<u>219,321</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$93,054</b></u>	<u><b>\$187,789</b></u>	<u><b>\$96</b></u>	<u><b>\$280,939</b></u>
Reserve for Encumbrances, December 31	<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.*



**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - NON-EXPENDABLE TRUST FUND  
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	<b>1999</b>	<b>1998</b>
<b>Cash Receipts:</b>		
Earnings on Investment	\$20	\$20
Fund Cash Balances, Beginning	916	896
<b>Fund Cash Balances, Ending</b>	<b>\$936</b>	<b>\$916</b>
Reserve for Encumbrances, December 31	\$0	\$0

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

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**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**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 ditch maintenance and fire protection.

The reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements of the Township are not misleading. The Township is associated with the Clark Township Fire District which is defined as a related organization as described in Note 7.

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 cash fund balance. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

Certificates of deposit and the U.S. Treasury Bond 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

**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 Levy Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing 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 Nonexpendable Trust Fund. The Township had the following significant Nonexpendable 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, 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(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 1999 and 1998 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. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**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>1999</u>	<u>1998</u>
Demand deposits	\$282,364	\$218,886
Certificates of deposit	65,984	62,469
Total deposits	348,348	281,355
H-Series U.S. Treasury Bond	500	500
Total deposits and investments	\$348,848	\$281,855

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

At December 31, 1999 and 1998, \$82,364 and \$18,886, respectively, of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

**Investments:** U.S. Treasury Bonds are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,321	\$82,193	\$22,872
Special Revenue	197,153	229,727	32,574
Debt Service	0	0	0
Nonexpendable Trust	30	20	(10)
Total	\$256,504	\$311,940	\$55,436

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$115,971	\$75,460	\$40,511
Special Revenue	306,899	169,487	137,412
Debt Service	0	0	0
Nonexpendable Trust	300	0	300
Total	\$423,170	\$244,947	\$178,223

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,321	\$82,765	\$24,444
Special Revenue	197,153	206,589	9,436
Debt Service	0	0	0
Nonexpendable Trust	30	20	(10)
Total	\$255,504	\$289,374	\$33,870

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,650	\$64,797	\$43,853
Special Revenue	297,300	162,939	134,361
Debt Service	0	0	0
Nonexpendable Trust	300	0	300
Total	\$406,250	\$227,736	\$178,514

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**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 payments, 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.

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 full-time 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. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

**7. RELATED ORGANIZATION**

The Clark Township Trustees and Clerk hold the same positions for the Clark Township Fire District, a separate legal entity. The Township is not financially accountable because it cannot impose its will on the organization and a financial benefit/burden does not exist.

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

Clark Township  
Holmes County  
3674 County Road 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, 1999 and 1998, and have issued our report thereon dated March 20, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40938-001.

We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 20, 2000.

**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 a 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 March 20, 2000.

This report is intended 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.

**Jim Petro**  
Auditor of State

March 20, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-40938-001**

**Noncompliance Citation**

Ohio Rev. Code Section 135.18 states, in part, that the treasurer of any public subdivision must require the depositories holding public funds to provide security at all times for those public funds in an amount equal to the amount of deposit with the institution. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

During 1999 and 1998, the Township's financial institution pledged \$100,000 of specific securities as collateral. In addition, the Township's checking account and certificates of deposit were each covered by up to \$100,000 in federal deposit insurance. However, at various times throughout 1999 and 1998, these amounts of security were not adequate to cover the amounts on deposit. At December 31, 1999 and 1998, the amounts on deposit exceeded the security amounts by \$82,364 and \$18,886, respectively.

The Township must require their financial institution to provide adequate security for amounts on deposit at all times. The Clerk-Treasurer should request periodic documentation from the financial institution showing that adequate security has been pledged.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
APRIL 13, 2000**