



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

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Clearcreek Township  
Warren County  
7593 Bunnell Hill Road  
Springboro, Ohio 45066

To the Board of Trustees:

We have audited the accompanying financial statements of Clearcreek Township, Warren 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 April 25, 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 the management, the Board and other officials authorized to receive this report under Section 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".

**Jim Petro**  
Auditor of State

April 25, 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$425,977	\$1,784,458	\$2,210,435
Intergovernmental	470,602	375,532	846,134
Special Assessments	0	17,517	17,517
Charges for Services	20,541	182,005	202,546
Licenses, Permits, and Fees	0	18,871	18,871
Fines, Forfeitures, and Penalties	21,399	1,937	23,336
Earnings on Investments	76,780	5,332	82,112
Other Revenue	650	81,935	82,585
	<u>1,015,949</u>	<u>2,467,587</u>	<u>3,483,536</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	451,227	960	452,187
Public Safety	30,212	1,831,633	1,861,845
Public Works	81,220	313,890	395,110
Health	14,077	0	14,077
Conservation - Recreation	139,222	382,010	521,232
Capital Outlay	40,646	27,875	68,521
	<u>756,604</u>	<u>2,556,368</u>	<u>3,312,972</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>259,345</u>	<u>(88,781)</u>	<u>170,564</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	259,345	(88,781)	170,564
Restated Fund Cash Balances, January 1 (See Note 11)	<u>492,167</u>	<u>1,357,370</u>	<u>1,849,537</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$751,512</u></b>	<b><u>\$1,268,589</u></b>	<b><u>\$2,020,101</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$44,493</u>	<u>\$44,493</u>

*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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$407,261	\$1,741,172	\$2,148,433
Intergovernmental	506,564	322,785	829,349
Special Assessments	0	13,281	13,281
Charges for Services	17,687	191,410	209,097
Licenses, Permits, and Fees	0	14,764	14,764
Fines, Forfeitures, and Penalties	30,743	2,189	32,932
Earnings on Investments	125,111	7,148	132,259
Other Revenue	8,529	577,681	586,210
	<u>1,095,895</u>	<u>2,870,430</u>	<u>3,966,325</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	382,853	41,390	424,243
Public Safety	28,329	1,608,087	1,636,416
Public Works	272,381	267,143	539,524
Health	15,021	0	15,021
Conservation - Recreation	556,441	29,034	585,475
Miscellaneous	11,000	33,167	44,167
Capital Outlay	120,698	642,478	763,176
	<u>1,386,723</u>	<u>2,621,299</u>	<u>4,008,022</u>
Total Receipts Over/(Under) Disbursements	<u>(290,828)</u>	<u>249,131</u>	<u>(41,697)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(290,828)	249,131	(41,697)
Fund Cash Balances, January 1 (Restated Note 11)	<u>782,995</u>	<u>1,108,210</u>	<u>1,891,205</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$492,167</u></b>	<b><u>\$1,357,341</u></b>	<b><u>\$1,849,508</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$439,378</u>	<u>\$439,378</u>

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



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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Clearcreek Township, Warren 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 general governmental services, including road and bridge 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.

The Township is a member of the Hazardous Materials Response Team ("HAZ MAT"), a joint venture whose purpose is to provide hazardous material response protection and assistance. The team is managed by a board of four trustees, one each from the City of Franklin, the City of Lebanon, Clearcreek Township and Franklin Township. The Township has no explicit and measurable equity interest in HAZ MAT. The Township has an ongoing financial responsibility, because the continued existence of the joint venture depends on the Township's contribution, which represents 25 percent of HAZ MAT revenues. See Note 10.

**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**

Certificates of deposit are valued at cost. During fiscal years 1999 and 1998, the township's funds were deposited in a "NOW" checking account and Certificates of Deposits with a local commercial bank.

**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 had the following significant Special Revenue Funds:

*Police District Fund* - This fund receives proceeds from the tax levy for police protection.

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

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

*Fire District Fund* - This fund receives proceeds from the fire levy for fire protection.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also 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 1999 and 1998 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.

**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.

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments 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	\$ 320,101	\$1,849,508
Certificates of deposit	<u>1,700,000</u>	<u>0</u>
Total deposits	<u><u>\$2,020,101</u></u>	<u><u>\$1,849,508</u></u>

**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.

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 931,000	\$1,015,949	\$ 84,949
Special Revenue	<u>2,349,254</u>	<u>2,467,587</u>	<u>118,333</u>
Total	<u><u>\$3,280,254</u></u>	<u><u>\$3,483,536</u></u>	<u><u>\$203,282</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,312,556	\$ 756,604	\$ 555,952
Special Revenue	<u>3,277,866</u>	<u>2,600,861</u>	<u>677,005</u>
Total	<u><u>\$4,590,422</u></u>	<u><u>\$3,357,465</u></u>	<u><u>\$1,232,957</u></u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 878,200	\$1,095,895	\$217,695
Special Revenue	<u>2,743,732</u>	<u>2,870,430</u>	<u>126,698</u>
Total	<u><u>\$3,621,932</u></u>	<u><u>\$3,966,325</u></u>	<u><u>\$344,393</u></u>

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

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,455,089	\$1,386,723	\$ 68,366
Special Revenue	3,595,313	3,060,677	534,636
Total	\$5,050,402	\$4,447,400	\$603,002

**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.

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. CUSTODIAN OF OTHER TOWNSHIP ASSETS**

The following fund was maintained by a custodian, as legally required.

**Fire Levy Fund**

Clearcreek Township and the City of Springboro entered into a lease agreement for the purpose of leasing a fire station from the City. As part of the agreement, proceeds from the taxes collected from the fire levy are remitted to Fifth Third Bank from the County Auditor. This trust agreement required the Township to establish a fund to be maintained by a custodian bank. This agreement was paid off during 1998. At December 31, 1999, the custodian held \$0. These assets, and the related receipts and disbursements, are reflected in the accompanying financial statements.

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters and Police Officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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

**6. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% for firefighters and 9% for police officers, of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. 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.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**8. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**9. JOINT VENTURE**

As described in Note 1, the Township is a member of a Hazardous Material Response Team ("HAZ MAT") which is a joint venture with three other local governments. The joint venture was created to provide hazardous material response protection and mutual assistance in the event of a hazardous material incident.

There is no explicit and measurable equity interest in HAZ MAT. The Township has an ongoing financial responsibility, because the continued existence of the joint venture depends on the Township's contribution. The Township did not contribute in 1998 or in 1999. The Hazardous Materials Response Team jointly owns fixed assets valued at \$41,730 at December 31, 1999.

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

**10. PRIOR YEAR RESTATEMENT**

Three outstanding checks totaling \$843 from 1997 were voided and reissued in 1998 and the Special Assessment Fund was reported separately in 1997. An outstanding check for \$29 from 1998 was voided and reissued in 1999. These items resulted in the following restatements of beginning fund balances:

Fund	Amount at December 31, 1997	Restatement	Restated Amount- January 1, 1998
Special Revenue	\$1,096,630	+11,580	\$1,108,210
Special Assessment	10,737	(10,737)	0

  

Fund	Amount at December 31, 1998	Restatement	Restated Amount- January 1, 1999
Special Revenue	\$1,357,341	+29	\$1,357,370



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

Clearcreek Township  
Warren County  
7593 Bunnell Hill Road  
Springboro, Ohio 45066

To the Board of Trustees:

We have audited the accompanying financial statements of Clearcreek Township, Warren County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 25, 2000. We conducted our audit 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 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 April 25, 2000.

**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 a certain matter 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 judgement, 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. The reportable condition is described in the accompanying schedule of findings as item 1999-40483-001.

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. However, we believe the reportable condition described above is a material weakness. We noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 25, 2000.

Clearcreek Township  
Warren County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and the Board of Trustees 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 flourish at the end.

**Jim Petro**  
Auditor of State

April 25, 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 1999-40483-001**

**Ambulance Billing Processing - (Internal Control, Reportable Condition)**

Clearcreek Township has delegated ambulance billing processing and collecting, which is a significant accounting function, to a billing agency. The Township has not established procedures to reasonably determine that ambulance billings have been completely and accurately processed in accordance with the ambulance billing contract.

We recommend that Clearcreek Township implement procedures to reasonably assure the completeness, and accuracy (including eligibility and allowability) of ambulance billing and collecting processed by their billing agency. Statement on Auditing Standards No. 70 (SAS 70) prescribes testing and reporting standards for audits of bill processing controls which should satisfy this requirement. As described in that Statement, we suggest that the Township obtain a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" from the billing agency. Such a report, if unqualified, would provide evidence to the Township's management that ambulance billing and collecting were being processed in conformance with the contract.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CLEARCREEK TOWNSHIP**

**WARREN 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  
MAY 25, 2000**