



Dave Yost • Auditor of State

CLINTON TOWNSHIP
VINTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Clinton Township
Vinton County
P.O. Box 44
Hamden, Ohio 45634

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Clinton Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

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 §117.38 and Ohio Administrative Code §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 opinion.

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 §117.38 and Ohio Administrative Code §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 §117.38 and Ohio Administrative Code §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, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Clinton Township, Vinton County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2013, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2015 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 initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

July 20, 2015

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**CLINTON TOWNSHIP
VINTON 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)
Cash Receipts			
Property and Other Local Taxes	\$7,799	\$51,261	\$59,060
Intergovernmental	7,622	118,365	125,987
Earnings on Investments	72	9	81
Miscellaneous	10,364	1,115	11,479
<i>Total Cash Receipts</i>	<u>25,857</u>	<u>170,750</u>	<u>196,607</u>
Cash Disbursements			
Current:			
General Government	31,840	160	32,000
Public Safety	0	7,000	7,000
Public Works	0	116,556	116,556
Health	0	28,295	28,295
Capital Outlay	1,210	10,635	11,845
Debt Service:			
Principal Retirement	0	6,496	6,496
Interest and Fiscal Charges	0	1,337	1,337
<i>Total Cash Disbursements</i>	<u>33,050</u>	<u>170,479</u>	<u>203,529</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,193)</u>	<u>271</u>	<u>(6,922)</u>
<i>Fund Cash Balances, January 1</i>	<u>9,207</u>	<u>64,968</u>	<u>74,175</u>
Fund Cash Balances, December 31			
Restricted	0	56,369	56,369
Committed	0	8,870	8,870
Assigned	2,014	0	2,014
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,014</u></u>	<u><u>\$65,239</u></u>	<u><u>\$67,253</u></u>

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

**CLINTON TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$7,300	\$47,983	\$55,283
Intergovernmental	7,690	116,275	123,965
Earnings on Investments	73	32	105
Miscellaneous	2,781	7,507	10,288
<i>Total Cash Receipts</i>	<u>17,844</u>	<u>171,797</u>	<u>189,641</u>
Cash Disbursements			
Current:			
General Government	12,699	9,679	22,378
Public Safety	0	7,000	7,000
Public Works	0	131,709	131,709
Health	0	24,072	24,072
Other	0	3,752	3,752
Capital Outlay	0	2,096	2,096
Debt Service:			
Principal Retirement	0	10,872	10,872
Interest and Fiscal Charges	0	1,724	1,724
<i>Total Cash Disbursements</i>	<u>12,699</u>	<u>190,904</u>	<u>203,603</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>5,145</u>	<u>(19,107)</u>	<u>(13,962)</u>
<i>Fund Cash Balances, January 1</i>	<u>4,062</u>	<u>84,075</u>	<u>88,137</u>
Fund Cash Balances, December 31			
Restricted	0	54,252	54,252
Committed	0	10,716	10,716
Assigned	9,207	0	9,207
<i>Fund Cash Balances, December 31</i>	<u><u>\$9,207</u></u>	<u><u>\$64,968</u></u>	<u><u>\$74,175</u></u>

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

**CLINTON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Clinton Township, Vinton County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, and cemetery maintenance. The Township contracts with the Village of Hamden fire department to provide fire services.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

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 §117.38 and Ohio Administrative Code §117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 §117.38 and Ohio Administrative Code §117-2-03(D) permit.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township maintains an interest-bearing checking account

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.

**CLINTON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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:

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 for constructing, maintaining, and repairing Township roads.

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 canceled, and reappropriated in the subsequent year

A summary of 2014 and 2013 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.

**CLINTON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

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. Equity in Pooled Deposits

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

	<u>2014</u>	<u>2013</u>
Demand deposits	\$65,753	\$72,675
Certificates of deposit	1,500	1,500
Total deposits	<u>\$67,253</u>	<u>\$74,175</u>

**CLINTON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Equity in Pooled Deposits (Continued)

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,630	\$25,857	\$1,227
Special Revenue	163,398	170,750	7,352
Total	\$188,028	\$196,607	\$8,579

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,960	\$33,050	\$2,910
Special Revenue	226,242	170,479	55,763
Total	\$262,202	\$203,529	\$58,673

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$12,971	\$17,844	\$4,873
Special Revenue	158,571	171,797	13,226
Total	\$171,542	\$189,641	\$18,099

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$17,033	\$12,699	\$4,334
Special Revenue	242,646	190,904	51,742
Total	\$259,679	\$203,603	\$56,076

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.

**CLINTON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. Debt

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Tractor/Mower Note	\$35,701	3%

The Township obtained a Bank Note from the Kansas State Bank to finance the purchase of a new Massey-Ferguson tractor and an Alamo mower for Township road maintenance.

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

Year ending December 31:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$6,702	\$1,131	\$7,833
2016	6,914	919	\$7,833
2017	7,133	700	\$7,833
2018	7,359	474	\$7,833
2019	7,593	240	\$7,833
Total	\$35,701	\$3,464	\$39,165

6. Retirement System

The Township's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

7. Risk Management

Risk Pool Membership

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.

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.

**CLINTON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. Risk Management (Continued)

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, 2014, 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, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 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, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

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.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
4,430	5,081

**CLINTON TOWNSHIP
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. Risk Management (Continued)

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.

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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

Clinton Township
Vinton County
P.O. Box 44
Hamden, Ohio 45634

To the 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 Clinton Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated July 20, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03(D) permit. We also noted the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider Finding 2014-002 described in the accompanying Schedule of Findings to be a material weakness.

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 2014-001.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them..

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.



Dave Yost
Auditor of State
Columbus, Ohio

July 20, 2015

CLINTON TOWNSHIP
VINTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-001

Noncompliance

Ohio Rev. Code §505.262(A) authorizes a board of township trustees to issue notes of the township to finance installment payment purchases of equipment, buildings, and sites for any lawful township purpose. All notes issued by a township shall be done pursuant to Ohio Rev. Code §133.20. Furthermore, the Attorney General has opined that Ohio Rev. Code §505.262(A) does not grant explicitly or implicitly the authority of the township to grant a security interest in the property purchased by the installment contract. [See 1996 Op. Atty Gen. No. 1996-048]

The Township had a promissory note during the audit period originating in 2012 in the amount of \$48,494 that did not meet the requirements of Ohio Rev. Code §133.20 in that it was a simple bank loan that granted a security interest in the property purchased.

The Board of Trustees should authorize only the issuance of notes pursuant to Ohio Rev. Code §133.20.

Officials' Response: The Board of Trustees was unaware of this Policy.

FINDING NUMBER 2014-002

Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

For the year ended December 31, 2013:

- In the General Fund, General Government disbursements in the amount of \$2,931 were incorrectly posted as Public Works for \$862 and Conservation-Recreation for \$2,069.
- In the General Fund, Taxes were posted at net resulting in Taxes receipts and General Government disbursements being understated by \$1,036
- In the General Fund, Intergovernmental receipts (Homestead and Rollback) of \$2,090 were posted as Taxes.
- In the General Fund, the ending fund balance of \$9,207 was incorrectly classified as Unassigned instead of Assigned.
- In the General Fund, General Government disbursements were increased \$2,123 due to none of the Trustees' salaries being posted to the General Fund. Health disbursements in the Cemetery Fund were decreased by \$762 and Public Works disbursements in the Gasoline Tax Fund were decreased by \$1,371 for this same reason.
- In the Road and Bridge Fund, Public Works disbursements of \$26,026 were posted as Health disbursements.
- In the Gasoline Tax Fund, Public Works disbursements of \$12,500 were posted as Other disbursements.

**CLINTON TOWNSHIP
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2014-002
(Continued)**

Material Weakness (Continued)

- In the Motor Vehicle License Tax Fund, Public Works disbursements of \$2,277 were posted as Capital Outlay disbursements.
- In the Road & Bridge Fund, the Fire Fund, and the Cemetery Fund, Intergovernmental receipts totaling \$16,428 were incorrectly posted as Tax receipts in the amounts of \$8,549, \$2,050, and \$5,829, respectively.
- In the Road and Bridge fund, Intergovernmental receipts of \$6,000 (Engineer Grant) were incorrectly reported as Other receipts.
- In the Road and Bridge Fund, Debt Service Interest in the amount of \$1,724 was reported as Debt Service Principal.
- The ending Road and Bridge Fund balance of \$10,716 was incorrectly classified as Restricted but should have been Committed.

For the year ended December 31, 2014:

- In the General Fund, General Government disbursements in the amount of \$4,384 were incorrectly posted as Public Works for \$2,535, and Conservation-Recreation for \$1,849.
- In the General Fund, Taxes were posted at net resulting in Tax receipts and General Government disbursements being understated by \$1,614
- In the General Fund, Intergovernmental receipts (Homestead and Rollback) of \$2,022 were posted as Taxes.
- In the General Fund, the ending fund balance of \$2,014 was incorrectly classified as Unassigned instead of Assigned.
- In the General Fund, General Government disbursements were increased \$2,123 due to none of the Trustees' salaries being posted to the General Fund. Health disbursements in the Cemetery Fund were decreased by \$885 and Public Works disbursements in the Gasoline Tax Fund were decreased by \$1,238 for this same reason.
- In the Gasoline Tax Fund, Capital Outlay disbursements of \$9,559 were incorrectly posted as Other disbursements.
- In the Road and Bridge Fund, Public Works disbursements of \$20,611 were incorrectly posted as Health disbursements.
- In the Cemetery Fund, Health disbursements of \$2,514 were incorrectly posted as Public Works disbursements.
- In the Gasoline Tax Fund, Public Works disbursements of \$4,024 were incorrectly posted as Other disbursements.
- In the Motor Vehicle License Tax Fund, Public Works disbursements of \$2,423 were posted as Capital Outlay disbursements.
- In the Road & Bridge Fund, the Fire Fund, and the Cemetery Fund, Intergovernmental receipts totaling \$16,622 were incorrectly posted as Tax receipts in the amounts of \$8,682, \$2,089, and \$5,851, respectively.
- In the Road and Bridge fund, Intergovernmental receipts of \$6,000 (Engineer Grant) were incorrectly reported as Other receipts.
- In the Road and Bridge Fund, Debt Service Interest in the amount of \$1,337 was reported as Debt Service Principal.

CLINTON TOWNSHIP
VINTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2014-002
(Continued)

Material Weakness (Continued)

- The ending Road and Bridge Fund balance of \$8,870 was incorrectly classified as Restricted but should have been Committed.

The Fiscal Officer did not follow the UAN established account codes for all postings. This resulted in audit adjustments and reclassifications to the financial statements as noted above. The audited financial statements and the Township's UAN accounting system have been adjusted for the issues noted above.

The Fiscal Officer should refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's financial statements reflect the appropriate sources of the Township's receipts and expenditures. We further recommend the Board of Trustees adopt policies and procedures including a final review of the financial statements and notes by the Fiscal Officer and Board of Trustees.

Officials' Response: Going forward, the Fiscal Officer will work to make sure that appropriations are classified correctly and that ending fund balances are properly classified.

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Dave Yost • Auditor of State

CLINTON TOWNSHIP

VINTON 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
AUGUST 4, 2015**