



Dave Yost • Auditor of State



**CLINTON TOWNSHIP  
VINTON COUNTY  
DECEMBER 31, 2016 AND 2015**

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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 of the cash balances, receipts and disbursements by fund type, and related notes of Clinton Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2016 and 2015.

### ***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 such 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 § 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, 2016 and 2015, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of Clinton Township, Vinton County, Ohio, as of December 31, 2016 and 2015, 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 2 of the 2016 financial statements and Note 1 of the 2015 financial statements.

***Emphasis of Matter***

As discussed in Note 10 to the 2016 financial statements, the Township had General Fund and Gasoline Tax Fund deficit cash balances as of December 31, 2016, which indicated the Township was having financial difficulty. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Further, Note 9 to the 2016 financial statements includes the debt owed by the Township.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018, 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 "Y" and "O".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 28, 2018

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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, 2016**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$6,155	\$49,051	\$55,206
Intergovernmental	16,081	123,643	139,724
Earnings on Investments	59	5	64
Miscellaneous	6,125	3,227	9,352
<i>Total Cash Receipts</i>	<u>28,420</u>	<u>175,926</u>	<u>204,346</u>
<b>Cash Disbursements</b>			
Current:			
General Government	31,831	79,248	111,079
Public Safety	0	7,000	7,000
Public Works	0	58,022	58,022
Health	0	13,368	13,368
Debt Service:			
Principal Retirement	0	6,914	6,914
Interest and Fiscal Charges	0	919	919
<i>Total Cash Disbursements</i>	<u>31,831</u>	<u>165,471</u>	<u>197,302</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,411)</u>	<u>10,455</u>	<u>7,044</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	1,000	2,257	3,257
Advances Out	(2,257)	(1,000)	(3,257)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,257)</u>	<u>1,257</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(4,668)	11,712	7,044
<i>Fund Cash Balances, January 1</i>	<u>2,656</u>	<u>37,657</u>	<u>40,313</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	36,129	36,129
Committed	0	13,240	13,240
Unassigned	(2,012)	0	(2,012)
<i>Fund Cash Balances, December 31</i>	<u>(\$2,012)</u>	<u>\$49,369</u>	<u>\$47,357</u>

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

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**Clinton Township**  
*Vinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the 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 road and bridge maintenance and cemetery maintenance services. The Township contracts with the Village of Hamden to provide fire services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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.

***Gas Tax Fund*** This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

***Cemetery Fund*** This fund receives property tax money for maintaining Township cemeteries.

**Clinton Township**  
*Vinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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***Basis of Accounting***

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.

***Budgetary Process***

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

***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. Unencumbered appropriations lapse at year-end.

***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 approve estimated resources.

***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. The Township did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2016 budgetary activity appears in Note 3.

***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.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Fund Balance***

Fund balance is divided into three 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:

**Clinton Township**  
*Vinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**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.

**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.

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,216	\$29,420	\$2,204
Special Revenue	157,716	178,183	20,467
Total	\$184,932	\$207,603	\$22,671

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,883	\$34,732	\$151
Special Revenue	198,440	169,523	28,917
Total	\$233,323	\$204,255	\$29,068

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund by \$2,888, the MVL Fund by \$457, and the Gasoline Tax Fund by \$4,731.

**Clinton Township**  
*Vinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 4 – 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>2016</u>
Demand deposits	\$45,857
Certificates of deposit	1,500
Total deposits and investments	<u>\$47,357</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation

**Note 5 – Property Taxes**

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.

**Note 6 – 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.

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, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**Clinton Township**  
*Vinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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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, 2016.

	<b>2016</b>
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

<b><u>2016 Contributions to OTARMA</u></b>
\$5,490

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.

**Clinton Township**  
*Vinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 7 – Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Loan Agreement	\$22,085	3.00%
Total	\$22,085	

The Township obtained a note in 2012 in the amount of \$48,494 to finance the purchase of a tractor. The tractor collateralized the note.

***Amortization***

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

Year ending December 31:	Tractor Note
2017	\$7,833
2018	7,833
2019	7,833
Total	\$23,499

**Note 10 – Deficit Fund Balance**

At December 31, 2016, the Township had deficit fund cash balances in the General Fund and Gasoline Tax Fund of (\$2,012) and (\$1,691), respectively.



**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, 2015**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$7,718	\$50,534	\$58,252
Intergovernmental	15,170	103,740	118,910
Earnings on Investments	68	9	77
Miscellaneous	10,398	2,995	13,393
<i>Total Cash Receipts</i>	<u>33,354</u>	<u>157,278</u>	<u>190,632</u>
<b>Cash Disbursements</b>			
Current:			
General Government	20,686	26,660	47,346
Public Safety	0	7,114	7,114
Public Works	2,500	86,609	89,109
Health	0	45,255	45,255
Conservation-Recreation	3,195	0	3,195
Other	0	7,389	7,389
Capital Outlay	6,331	4,000	10,331
Debt Service:			
Principal Retirement	0	6,702	6,702
Interest and Fiscal Charges	0	1,131	1,131
<i>Total Cash Disbursements</i>	<u>32,712</u>	<u>184,860</u>	<u>217,572</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>642</u>	<u>(27,582)</u>	<u>(26,940)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	1,195	1,195	2,390
Advances Out	(1,195)	(1,195)	(2,390)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	642	(27,582)	(26,940)
<i>Fund Cash Balances, January 1</i>	<u>2,014</u>	<u>65,239</u>	<u>67,253</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	34,954	34,954
Committed	0	2,703	2,703
Assigned	2,656	0	2,656
<i>Fund Cash Balances, December 31</i>	<u>\$2,656</u>	<u>\$37,657</u>	<u>\$40,313</u>

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

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**CLINTON TOWNSHIP  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Hamden to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides 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 and certificates of deposit.

**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, 2015  
(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 to pay 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. 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 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2015 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into three 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:

**CLINTON TOWNSHIP  
VINTON COUNTY**

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

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

**1. 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.

**2. 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.

**3. 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.

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:

	2015
Demand deposits	<u>\$38,813</u>
Certificates of deposit	1,500
Total deposits	<u><u>\$40,313</u></u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**CLINTON TOWNSHIP  
VINTON COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,578	\$34,549	\$4,971
Special Revenue	164,295	158,473	(5,822)
Total	\$193,873	\$193,022	(\$851)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$30,329	\$33,907	(\$3,578)
Special Revenue	221,042	186,055	34,987
Total	\$251,371	\$219,962	\$31,409

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$3,578 for the year ended December 31, 2015.

**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 taxes on 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.

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
General Obligation Note - Tractor	\$28,999	3%
Total	\$28,999	

The Township obtained a note in 2012 in the amount of \$48,494 to finance the purchase of a tractor. The tractor collateralized the note.

**CLINTON TOWNSHIP  
VINTON COUNTY**

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

**4. DEBT (Continued)**

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

<u>Year ending December 31:</u>	<u>General Obligation Note</u>
2016	\$7,833
2017	7,833
2018	7,833
2019	7,833
Total	<u><u>\$31,332</u></u>

**6. RETIREMENT SYSTEM**

The Township's elected 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's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015, 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, 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.

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.

**CLINTON TOWNSHIP  
VINTON COUNTY**

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

**7. RISK MANAGEMENT (Continued)**

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

	<u><b>2015</b></u>
Assets	\$37,313,311
Liabilities	8,418,518
Net Position	\$28,894,793

At December 31, 2015, respectively, the liabilities above include approximately \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$7.7 million of unpaid claims to be billed to approximately 989 members in the future, as of December 31, 2015. 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 \$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><b>Contributions to OTARMA</b></u>
<u><b>2015</b></u>
5,097

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.





# 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 the cash balances, receipts, and disbursements by fund type of Clinton Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated February 28, 2018 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 was experiencing financial difficulties.

### ***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.

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 certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2016-006 through 2016-009 to be 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2016-001 through 2016-008.

***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 "Y" and "O".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 28, 2018

**CLINTON TOWNSHIP  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-001**

**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 shall be 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.

In 2012, the Township signed a promissory note in the amount of \$48,494 (with an outstanding balance at December 31, 2016 of \$22,085) with the Kansas State Bank to fund the purchase of a mower. This type of debt does not meet the criteria for any of the debt allowed in the Ohio Revised Code Chapter 133.

The Ohio Revised Code contains various methods of incurring debt for townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for townships.

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

**FINDING NUMBER 2016-002**

**Noncompliance**

Ohio Rev. Code § 5705.10(I) provides that money paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The General Fund had a negative fund balance of (\$2,012) at December 31, 2016. The Gas Tax Fund had a negative fund balance of (\$1,691) at December 31, 2016 as well as throughout 2016 in April (\$245), July (\$2,346) and August (\$2,570).

A deficit cash fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Fiscal Officer and Trustees should use money paid into a fund only for purposes for which such fund was established. The Fiscal Officer and Trustees should monitor receipts, disbursements, and fund balances and not make disbursements from funds with no balance or a negative balance. Steps should be identified and implemented that would help the Township reduce spending, increase revenues, or both.

**FINDING NUMBER 2016-003**

**Noncompliance**

Ohio Rev. Code § 5705.39 provides, in part, the total appropriations from each fund shall not exceed the total estimated resources.

CLINTON TOWNSHIP  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)

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

FINDING NUMBER 2016-003 (Continued)

Noncompliance – Ohio Rev. Code § 5705.39 (Continued)

At December 31, 2016, appropriations exceeded estimated resources as follows:

Fund	Estimated Resources	Approved Appropriations	Variance
General	\$31,995	\$34,883	(\$2,888)
MVL	8,932	9,389	(457)
Gasoline Tax	88,847	93,578	(4,731)

Due to appropriations exceeding estimated resources, the Township is appropriating monies that are either not in the Treasury, in process of collection, or have not been properly certified to the Budget Commission, which could cause a fund deficit to occur.

The Board of Trustees should not approve appropriations that exceed estimated resources. All approved appropriation resolutions and amendments should be filed with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources.

FINDING NUMBER 2016-004

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

At December 31, 2015 expenditures exceeded appropriations by \$3,578 in the General Fund. The practice of allowing expenditures to exceed appropriations could result in negative fund balances for the Township.

The Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Board of Trustees should adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

FINDING NUMBER 2016-005

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

CLINTON TOWNSHIP  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)

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

FINDING NUMBER 2016-005 (Continued)

**Noncompliance – Ohio Rev. Code § 5705.41(D)(1) (Continued)**

1. “Then and Now” Certificate – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not properly certify the availability of funds for 78% of transactions tested during 2015 and 2016. The Township did not have sufficient internal controls in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, “then and now” certification should be used, and approved by resolution of the Township Trustees, where applicable.

The Fiscal Officer should certify the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Ohio Rev. Code § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**CLINTON TOWNSHIP  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-006**

**Noncompliance and Material Weakness**

Ohio Admin Code § 117-2-01(D)(3) and (5) provide that when designing the public office’s system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Monthly reconciliations were not performed by the Fiscal Officer in a timely manner. For 2016, the reconciliations for March, April, and May were completed on September 22, 2016; June and July were completed on January 8, 2017; August was completed on January 9, 2017; and September through December were completed on January 11, 2017. Not performing monthly reconciliations in a timely manner can result in cumbersome reconciliations and can lead to inaccurate balances and errors going undetected for long periods of time.

There were two outstanding electronic payments on the December reconciliation which cleared in June totaling \$1,251.37 and one cleared electronic payment totaling \$1,269.60 which did not actually clear the Vinton County National Bank (VCNB) account. Furthermore, we noted \$8,165 and \$1,967 in OPERS and State Tax, respectively, electronic payments which cleared the VCNB account which were not recorded in UAN; \$5,281 in tax revenue which went unrecorded in UAN; and seven other disbursements and receipts which were not recorded in UAN totaling \$29 but were in the VCNB account. Untimely posting of payments can result in the UAN system not being up-to-date and in cumbersome reconciliations.

The Fiscal Officer should perform a monthly reconciliation to timely detect errors. In addition, the Fiscal Officer should enter payments and receipts into the UAN system when monies are disbursed or received either physically via check or electronically via EFT. Payments should be posted to the UAN system in a timely manner so that reconciliations can be performed monthly. Furthermore, the Fiscal Officer should periodically evaluate outstanding checks to ensure that they should still be reported as outstanding.

**FINDING NUMBER 2016-007**

**Noncompliance and Material Weakness**

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2015, estimated receipts as approved by the Budget Commission did not agree to the Township’s UAN accounting system as follows:

Fund	UAN System	Approved	Variance
General	\$36,624	\$29,578	\$7,046

**CLINTON TOWNSHIP  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-007 (Continued)**

**Noncompliance and Material Weakness – Ohio Admin. Code § 117-2-02(C)(1) (Continued)**

At December 31, 2016, estimated receipts as approved by the Budget Commission did not agree to the Township’s UAN accounting system as follows:

Fund	UAN System	Approved	Variance
General	\$30,104	\$27,216	\$2,888
Gasoline Tax	8,632	8,174	458
Cemetery	91,861	87,130	4,731

At December 31, 2015, approved appropriations did not agree to the Township’s ledgers as follows:

Fund	UAN System	Approved	Variance
General	\$38,638	\$30,329	\$8,309
Gasoline Tax	108,627	103,409	5,218
Cemetery	39,776	36,502	3,274

Due to budgetary information being improperly entered in the the UAN system, the management of the Township lost some degree of budgetary control. An adjustment was made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as approved by the Budget Commission and appropriations as approved by the Board of Trustees.

The Fiscal Officer should accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**FINDING NUMBER 2016-008**

**Noncompliance and Material Weakness**

Ohio Admin. Code § 117-2-02(A) requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by § 117-2-03 of the Administrative Code.

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:

**CLINTON TOWNSHIP  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-008 (Continued)**

**Noncompliance and Material Weakness – Ohio Admin. Code § 117-2-02(A) (Continued)**

For the year ended December 31, 2015:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 require reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Township improperly reported the assigned portion of the General Fund's cash fund balance as unassigned, in the amount of \$2,656;
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.170-172 requires reporting funds whose revenue had constraints imposed by the Board, which could not be changed without Board approval, as committed. The Township reported the Road and Bridge Fund fund balance as restricted instead of committed, in the amount of \$2,703;
- General Fund general government disbursements of \$2,123 were incorrectly posted as health disbursements in the Cemetery Fund of \$1,238 and public works disbursements in the Gasoline Tax Fund of \$885 due to none of the Trustees' salaries being posted to the General Fund;
- Road and Bridge Fund debt interest disbursements of \$1,131 were incorrectly reported as debt principal;
- Road and Bridge Fund intergovernmental receipts of \$6,000 were incorrectly posted as other receipts;
- Road and Bridge Fund intergovernmental receipts of \$3,499 were incorrectly posted as taxes;
- Fire Fund intergovernmental receipts of \$1,332 were incorrectly posted as taxes;
- Cemetery Fund intergovernmental receipts of \$1,618 were incorrectly posted as taxes;

For the year ended December 31, 2016:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.170-172 requires reporting funds whose revenue had constraints imposed by the Board, which could not be changed without Board approval, as committed. The Township reported the Road and Bridge Fund fund balances as restricted instead of committed, in the amount of \$13,240;
- General Fund intergovernmental receipts were overstated \$24;
- General Fund intergovernmental receipts of \$2,831 were incorrectly posted as taxes;
- General Fund general government disbursements and intergovernmental receipts were both understated by \$1,515;
- General Fund general government disbursements of \$2,117 were not recorded in UAN;
- General Fund interest receipts of \$22 were not recorded in UAN;
- General Fund intergovernmental receipts of \$734 were not recorded in UAN;
- General Fund general government were overstated by \$19;
- Road and Bridge debt interest disbursements of \$919 were incorrectly posted as debt principal;
- Road and Bridge intergovernmental revenue of \$6,000 were incorrectly posted as other receipts;
- Gasoline Tax Fund general government disbursements of \$6,728 were not recorded in UAN;
- Cemetery Fund general government disbursements of \$1,305 were not recorded in UAN;
- Road and Bridge Fund intergovernmental receipts of \$9,376 were incorrectly posted as taxes;
- Road and Bridge Fund general government disbursements and intergovernmental receipts were both understated by \$1,261;
- Road and Bridge Fund intergovernmental receipts were overstated \$335;



**CLINTON TOWNSHIP  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-008 (Continued)**

**Noncompliance and Material Weakness – Ohio Admin. Code § 117-2-02(A) (Continued)**

- Fire Fund intergovernmental receipts of \$1,962 were incorrectly posted as taxes;
- Fire Fund general government disbursements and intergovernmental receipts were both understated by \$266;
- Fire Fund intergovernmental receipts were understated \$14;
- Cemetery Fund intergovernmental receipts of \$6,879 were incorrectly posted as taxes;
- Cemetery Fund general government disbursements and intergovernmental receipts were both understated by \$1,019;
- Cemetery Fund intergovernmental receipts were understated \$345;
- Gasoline Tax Fund public works disbursements were overstated by \$72;
- Cemetery Fund health disbursements were overstated by \$17;
- Road and Bridge Fund intergovernmental receipts of \$2,113 were not posted in UAN;
- Fire Fund intergovernmental receipts of \$440 were not posted in UAN;
- Cemetery Fund intergovernmental receipts of \$1,994 were not posted in UAN;
- Fire Fund advance out disbursements of \$8,131 was overstated as it was unallowable;
- Gasoline Tax advance in receipts of \$2,992 was overstated as it was unallowable;
- Road and Bridge Fund advance in receipts of \$5,139 was overstated as it was unallowable.

The Fiscal Officer made errors in posting of revenues and disbursements that resulted in errors noted above. The audited financial statements and the Township's UAN accounting system have been adjusted for the errors noted above.

The Fiscal Officer should refer to the Ohio Township Handbook for proper classification of receipts and disbursements and Auditor of State Bulletin 2011-004 for proper reporting of fund balances and take additional care in posting transactions to the Township's UAN system 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.

**FINDING NUMBER 2016-009**

**Material Weakness**

Auditor of State Bulletin 1997-003 provides, any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in §§ 5705.14 to 5705.16 of the Revised Code. Advances on the other hand, are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment.

In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established. Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include a specific statement that the transaction is an advance of cash and an indication of the fund from which it is expected that repayment will be made. The resolution should include at a minimum the following information:

CLINTON TOWNSHIP  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)

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

FINDING NUMBER 2016-009 (Continued)

**Material Weakness (Continued)**

- (1) amount of advance;
- (2) name of fund loaning the money and the name of the fund receiving the money; and
- (3) an estimate of the date of repayment.

During 2016, the Township did not include the passing of a resolution for any inter-fund advances in their minutes. Furthermore, the Fiscal Officer did not maintain any support for the advances. In 2016, the General Fund reported Advances In of \$1,000 and Advances Out of \$2,257 while the Special Revenue Funds reported Advances In of \$10,388 and Advances Out of \$9,131. Included in these Special Revenue Fund advances were \$2,992 advanced from the Fire Fund to the Gasoline Tax Fund and \$5,139 advanced from the Fire Fund to the Road and Bridge Fund which do not meet the allowability criteria for advances and no support was maintained for these advances. These advances were reversed on the 2016 financial statements.

Failure to maintain support for inter-fund advances can result in the unauthorized advance of funds and result in questions as to whether the advance was allowable.

The Fiscal Officer should include in the Township minutes the approval of all inter-fund advances and maintain appropriate records to support the advance.

**Officials' Response:** We did not receive a response from Officials to the findings reported above.

**CLINTON TOWNSHIP  
VINTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Ohio Rev. Code §505.262(A) – Unallowable Debt	Not Corrected	Debt Still Outstanding
2014-002	Material Weakness for material errors requiring audit adjustments and reclassifications	Not Corrected	Adjustments made in 2018

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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  
MARCH 13, 2018