



**CLINTON TOWNSHIP
KNOX COUNTY**

REGULAR

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

CLINTON TOWNSHIP
KNOX COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Clinton Township
Knox County
11816 Old Delaware Road
Mt. Vernon, Ohio 43050

To the Board of Trustees:

We have audited the accompanying financial statements of Clinton Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Clinton Township, Knox County, Ohio as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 20, 2001

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**CLINTON TOWNSHIP
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$55,625	\$147,393	\$203,018
Intergovernmental	113,794	89,622	203,416
Licenses, Permits, and Fees	4,831	0	4,831
Earnings on Investments	2,697	589	3,286
Other Revenue	1,182	1,235	2,417
Total Cash Receipts	178,129	238,839	416,968
Cash Disbursements:			
Current:			
General Government	121,670	0	121,670
Public Safety	0	77,184	77,184
Public Works	21,214	125,772	146,986
Capital Outlay	300	898	1,198
Total Cash Disbursements	143,184	203,854	347,038
Total Receipts Over/(Under) Disbursements	34,945	34,985	69,930
Fund Cash Balances, January 1, 2000	72,810	139,828	212,638
Fund Cash Balances, December 31, 2000	\$107,755	\$174,813	\$282,568
Reserves for Encumbrances, December 31, 2000	\$221	\$673	\$894

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

**CLINTON TOWNSHIP
KNOX COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$54,301	\$150,038	\$204,339
Intergovernmental	84,455	90,453	174,908
Licenses, Permits, and Fees	6,790	0	6,790
Earnings on Investments	3,224	643	3,867
Other Revenue	1,824	1,876	3,700
 Total Cash Receipts	 150,594	 243,010	 393,604
Cash Disbursements:			
Current:			
General Government	130,575	0	130,575
Public Safety	0	58,449	58,449
Public Works	54,422	167,444	221,866
Capital Outlay	26,442	30,708	57,150
 Total Cash Disbursements	 211,439	 256,601	 468,040
 Total Receipts Over/(Under) Disbursements	 (60,845)	 (13,591)	 (74,436)
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	14,900	0	14,900
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (45,945)	 (13,591)	 (59,536)
 Fund Cash Balances, January 1, 1999	 118,755	 153,419	 272,174
 Fund Cash Balances, December 31, 1999	 \$72,810	 \$139,828	 \$212,638
 Reserves for Encumbrances, December 31, 1999	 \$38	 \$561	 \$599

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

**CLINTON TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clinton Township, Knox County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the City of Mount Vernon to provide fire services and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township maintains an interest earning 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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.

**CLINTON TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Special Levy Fund - This fund receives property tax money to pay for protection of the Township residents through a fire contract with the City of Mount Vernon.

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 and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

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

**CLINTON TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	<u>\$282,568</u>	<u>\$212,638</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,772	\$178,129	\$36,357
Special Revenue	238,903	238,839	(64)
Total	<u>\$380,675</u>	<u>\$416,968</u>	<u>\$36,293</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$216,196	\$143,405	\$72,791
Special Revenue	374,357	204,527	169,830
Total	<u>\$590,553</u>	<u>\$347,932</u>	<u>\$242,621</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$184,418	\$165,494	(\$18,924)
Special Revenue	232,894	243,010	10,116
Total	<u>\$417,312</u>	<u>\$408,504</u>	<u>(\$8,808)</u>

**CLINTON TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$301,961	\$211,477	\$90,484
Special Revenue	384,590	257,162	127,428
Total	\$686,551	\$468,639	\$217,912

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

All employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. In 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. In 2000, the average employers contribution rate was 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

**CLINTON TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RELATED ORGANIZATION AND RELATED PARTY TRANSACTION

The Clinton Water and Sewer District was established on October 16, 1990, under chapter 6119 of the Ohio Revised Code and is a separate political subdivision of the State of Ohio with all the powers as provided by Ohio Law. The purpose of the District is to contract, manage and maintain water and sewer collection and treatment facilities and lines for residence of the District in an efficient and convenient manner.

Clinton Township Trustees, by law, select and appoint all three members to the Clinton Water and Sewer District Board. In 1996, the Clinton Township Trustees granted a \$45,000 loan to the District. The loan is non-interest bearing. In 1997, the Township forgave \$36,000 of the loan.

	<u>Principal</u>	<u>Interest Rate</u>
Loan Receivable - Clinton Water/Sewer District	<u>\$9,000</u>	0%

The financial activity of Clinton Water and Sewer District is not included in the financial statements of Clinton Township. Audited financial statements can be obtained by contracting the Clinton Water and Sewer at 350 Johnson Avenue, Mount Vernon, Ohio 43050.

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

Board of Trustees
Clinton Township
Knox County
11816 Old Mansfield Road
Mount Vernon, Ohio 43050

We have audited the financial statements of Clinton Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 20, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40642-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 20, 2001.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

March 20, 2001

CLINTON TOWNSHIP
KNOX COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

2000-40642-001

Ohio Rev. Code Section 5549.21 requires that contracts exceeding \$15,000 for road materials and machinery be competitively bid. The bid must be advertised and be awarded to the lowest responsible bidder. The Board of Trustees did not bid the purchases of equipment from the John Deere Company and Dexter Company for \$34,807 and \$21,535 respectively.

The Board should assure that equipment exceeding the \$15,000 threshold be competitively bid.



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OFFICE OF THE AUDITOR

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CLINTON TOWNSHIP

KNOX COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 17, 2001**