



**CLINTON TOWNSHIP  
SHELBY COUNTY  
Regular Audit  
For the Years Ended December 31, 2019 and 2018**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

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OHIO AUDITOR OF STATE  
KEITH FABER



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(800) 282-0370

Board of Trustees  
Clinton Township  
PO Box 603  
Sidney, Ohio 45365

We have reviewed the *Independent Auditor's Report* of Clinton Township, Shelby County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Clinton Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

[December 11, 2020



CLINTON TOWNSHIP  
SHELBY COUNTY

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Cambridge, OH 43725  
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## INDEPENDENT AUDITOR'S REPORT

September 30, 2020

Clinton Township  
Shelby County  
P.O. Box 603  
Sidney, Ohio 45365

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**, Shelby County, (the Township) as of and for the years ended December 31, 2019 and 2018.

### ***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 Section 117.38 and Ohio Administrative Code Section 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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An Independently owned member  
**RSM US Alliance** The RSM logo consists of three horizontal bars in green, blue, and grey, followed by the letters "RSM" in a bold, black, sans-serif font.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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, 2019 and 2018, 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, Shelby County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Notes 11 and 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. 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 September 30, 2020, 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.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**CLINTON TOWNSHIP  
SHELBY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 33,147	\$ 100,564	\$ -	\$ 133,711
Licenses, Permits and Fees	1,200	-	-	1,200
Intergovernmental	22,367	126,417	9,640	158,424
Special Assessments	-	3,444	-	3,444
Earnings on Investments	3,640	4,382	-	8,022
Miscellaneous	682	1,109	-	1,791
<i>Total Cash Receipts</i>	<u>61,036</u>	<u>235,916</u>	<u>9,640</u>	<u>306,592</u>
<b>Cash Disbursements</b>				
Current:				
General Government	100,025	32,109	-	132,134
Public Safety	6,419	64,421	-	70,840
Public Works	1,774	55,216	-	56,990
Capital Outlay	362	83,727	9,640	93,729
Debt Service:				
Principal Retirement	-	21,524	-	21,524
Interest and Fiscal Charges	-	5,100	-	5,100
<i>Total Cash Disbursements</i>	<u>108,580</u>	<u>262,097</u>	<u>9,640</u>	<u>380,317</u>
<i>Net Change in Fund Cash Balances</i>	(47,544)	(26,181)	-	(73,725)
<i>Fund Cash Balances, January 1</i>	<u>110,762</u>	<u>1,020,187</u>	<u>-</u>	<u>1,130,949</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	630,181	-	630,181
Committed	-	363,825	-	363,825
Assigned	63,218	-	-	63,218
<i>Fund Cash Balances, December 31</i>	<u>\$ 63,218</u>	<u>\$ 994,006</u>	<u>\$ -</u>	<u>\$ 1,057,224</u>

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

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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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, Shelby 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, fire protection and emergency medical services. The Township contracts with the City of Sidney to provide fire services.

***Public Entity Risk Pools***

The Township participates in 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.

**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, which is organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain 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:

***Gasoline Tax Fund*** The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Fire Fund*** The fire fund accounts for and reports monies received from a tax levy restricted for fire protection services.

***Emergency Services Fund*** The emergency services fund accounts for and reports monies received from a tax levy restricted for emergency protection services.

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

***Public Works Commission Project Fund*** The township received a grant from the state for capital improvements. The proceeds are restricted for capital improvement.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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. 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.

A summary of 2019 budgetary activity appears in Note 4.

***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.

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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:

***Nonspendable*** The Township classifies assets as Non-spendable when legally or contractually required to maintain the amounts intact.

***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.

***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.

***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 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects fund by \$9,640 for the year ended December 31, 2019.

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 55,544	\$ 61,036	\$ (5,492)
Special Revenue	209,934	235,916	(25,982)
Capital Projects	-	9,640	(9,640)
Total	\$ 265,478	\$ 306,592	\$ (41,114)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 166,306	\$ 110,423	\$ 55,883
Special Revenue	1,230,121	262,369	967,752
Capital Projects	-	9,640	(9,640)
Total	\$ 1,396,427	\$ 382,432	\$ 1,013,995

**Note 5 – Deposits**

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

	2019
Demand deposits	\$ 1,057,224
Total deposits	\$ 1,057,224

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System. (OCPS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – 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.

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

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 7 – Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 35,207,320
Actuarial liabilities	\$ 10,519,942

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees 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. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 9 – 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 10 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Dump Truck Lease	\$71,883	5.46%
Total	\$71,883	

**Leases**

The Township leases a dump truck for road maintenance under a non-cancelable lease. The Township disbursed \$26,624 to pay lease costs for the year ended December 31, 2019.

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

Year Ended December 31	Truck Lease
2020	\$ 26,624
2021	26,624
2022	26,624
Total	\$ 79,872

**Note 11 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**CLINTON TOWNSHIP  
SHELBY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 33,722	\$ 101,749	\$ 135,471
Licenses, Permits and Fees	1,143	-	1,143
Intergovernmental	23,207	108,583	131,790
Special Assessments	-	3,542	3,542
Earnings on Investments	3,151	3,665	6,816
Miscellaneous	750	1,194	1,944
<i>Total Cash Receipts</i>	<u>61,973</u>	<u>218,733</u>	<u>280,706</u>
<b>Cash Disbursements</b>			
Current:			
General Government	176,355	1,468	177,823
Public Safety	2,600	62,624	65,224
Public Works	21,155	117,836	138,991
Health	60	-	60
Capital Outlay	968	120,031	120,999
Debt Service:			
Principal Retirement	-	26,624	26,624
<i>Total Cash Disbursements</i>	<u>201,138</u>	<u>328,583</u>	<u>529,721</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(139,165)</u>	<u>(109,850)</u>	<u>(249,015)</u>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	-	120,031	120,031
<i>Total Other Financing Receipts</i>	<u>-</u>	<u>120,031</u>	<u>120,031</u>
<i>Net Change in Fund Cash Balances</i>	(139,165)	10,181	(128,984)
<i>Fund Cash Balances, January 1</i>	<u>249,927</u>	<u>1,010,006</u>	<u>1,259,933</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	674,274	674,274
Committed	-	345,913	345,913
Assigned	110,762	-	110,762
<i>Fund Cash Balances, December 31</i>	<u>\$ 110,762</u>	<u>\$ 1,020,187</u>	<u>\$ 1,130,949</u>

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



**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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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, Shelby 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, fire protection and emergency medical services. The Township contracts with the City of Sidney to provide fire services.

***Public Entity Risk Pools***

The Township participates in 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, which is organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain 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:

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***Emergency Services Fund*** The emergency services fund accounts for and reports monies received from a tax levy restricted for emergency protection services.

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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. 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.

A summary of 2018 budgetary activity appears in Note 3.

***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.

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***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:

***Nonspendable*** The Township classifies assets as Non-spendable when legally or contractually required to maintain the amounts intact.

***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.

***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.

***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.

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,951	\$ 61,973	\$ (7,022)
Special Revenue	209,021	338,764	61,973
Total	\$ 263,972	\$ 400,737	\$ 54,951

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 304,459	\$ 201,669	\$ 102,790
Special Revenue	1,216,711	328,740	887,971
Total	\$ 1,521,170	\$ 530,409	\$ 990,761

**Note 4 – Deposits**

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

	2018
Demand deposits	\$ 1,130,949
Total deposits	\$ 1,130,949

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System. (OCPS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**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.

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

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 – Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 33,097,416
Actuarial liabilities	\$ 7,874,610

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees 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. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Clinton Township**  
**Shelby County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 9 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Dump Truck Lease	\$93,407	5.46%
Total	\$93,407	

**Leases**

The Township leases a dump truck for road maintenance under a non-cancelable lease. The Township disbursed \$26,624 to pay lease costs for the year ended December 31, 2018.

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

Year Ended December 31	Truck Lease
2019	\$ 26,624
2020	26,624
2021	26,624
2022	26,624
Total	\$ 106,496

**Note 10 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

September 30, 2020

Clinton Township  
Shelby County  
P.O. Box 603  
Sidney, Ohio 45365

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**, Shelby County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated September 30, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

**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 opinions 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 a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

***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 audit findings as item 2019-002.

***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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



CLINTON TOWNSHIP  
SHELBY COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

**Material Weakness**

**Posting Receipts, Disbursements and Fund Balances**

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2019 and 2018, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Budget carryover in the General Fund was classified as Unassigned instead of Assigned in 2019 and 2018;
- Road and Bridge Fund balances, representing inside millage from property taxes, were posted as Restricted instead of Committed fund balance in 2018 and 2018;
- State homestead rollback receipts were recorded as Property and Other Local Taxes instead of Intergovernmental in 2019 and 2018;
- Debt payments were posted to Public Works instead of Principal Retirement and Interest in 2019 and 2018;
- Debt proceeds and corresponding capital outlay disbursement were not recorded for the purchase of a new dump truck in 2018.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring reclassifications. The Financial Statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts, disbursements and fund balances are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of revenue and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Management's Response** – We did not receive a response from officials to this finding.

FINDING NUMBER 2019-002

**Noncompliance**

**Ohio Revised Code, § 5705.41(B)** states no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2019, expenditures exceeded appropriation authority in the Capital Projects fund by \$9,640.

CLINTON TOWNSHIP  
SHELBY COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-002 (Continued)

**Noncompliance (Continued)**

We recommend the Board compare expenditures versus appropriation authority throughout the year. Also, the Board should not approve expenditures greater than appropriations. This can result in the Township spending more money than it appropriated and could cause possible negative fund balances.

**Management's Response** – We did not receive a response from officials to this finding.

# OHIO AUDITOR OF STATE KEITH FABER



**CLINTON TOWNSHIP**

**SHELBY COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/24/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)