



**CLINTON TOWNSHIP
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Clinton Township
Seneca County
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To the Board of Trustees:

We have audited the accompanying financial statements of Clinton Township, Seneca County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides 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 of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of 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

February 24, 2000

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$ 51,489	\$ 177,809	\$ 12,000	\$ 7,500	\$ 248,798
Intergovernmental	132,045	82,263		16,521	230,829
Licenses, Permits, and Fees	4,145				4,145
Earnings on Investments	5,840	1,347			7,187
Other Revenue	18,903	10,514			29,417
Total Cash Receipts	<u>212,422</u>	<u>271,933</u>	<u>12,000</u>	<u>24,021</u>	<u>520,376</u>
Cash Disbursements:					
Current:					
General Government	123,587				123,587
Public Safety		60,841			60,841
Public Works	4,398	174,564			178,962
Debt Service:					
Redemption of Principal			10,000		10,000
Interest and Fiscal Charges			1,115		1,115
Capital Outlay	76,263	4,697		16,521	97,481
Total Cash Disbursements	<u>204,248</u>	<u>240,102</u>	<u>11,115</u>	<u>16,521</u>	<u>471,986</u>
Excess of Cash Receipts over Cash Disbursements	8,174	31,831	885	7,500	48,390
Fund Cash Balances, January 1	187,614	102,878	4,451	52,831	347,774
Fund Cash Balances, December 31	<u>\$ 195,788</u>	<u>\$ 134,709</u>	<u>\$ 5,336</u>	<u>\$ 60,331</u>	<u>\$ 396,164</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$ 43,756	\$ 157,892	\$ 19,500	\$ 7,500	\$ 228,648
Intergovernmental	145,875	79,624			225,499
Licenses, Permits, and Fees	3,120				3,120
Earnings on Investments	5,508	1,221			6,729
Other Revenue	15,884	5,683			21,567
Total Cash Receipts	<u>214,143</u>	<u>244,420</u>	<u>19,500</u>	<u>7,500</u>	<u>485,563</u>
Cash Disbursements:					
Current:					
General Government	102,873				102,873
Public Safety		38,301			38,301
Public Works	3,672	193,521			197,193
Debt Service:					
Redemption of Principal			16,000		16,000
Interest and Fiscal Charges			2,108		2,108
Capital Outlay		3,000			3,000
Total Cash Disbursements	<u>106,545</u>	<u>234,822</u>	<u>18,108</u>	<u>0</u>	<u>359,475</u>
Total Receipts Over Disbursements	<u>107,598</u>	<u>9,598</u>	<u>1,392</u>	<u>7,500</u>	<u>126,088</u>
Other Financing Receipts/(Disbursements):					
Transfers-In				30,000	30,000
Transfers-Out	(30,000)				(30,000)
Total Other Financing Receipts/(Disbursements)	<u>(30,000)</u>	<u>0</u>	<u>0</u>	<u>30,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	77,598	9,598	1,392	37,500	126,088
Fund Cash Balances, January 1	110,016	93,280	3,059	15,331	221,686
Fund Cash Balances, December 31	<u>\$ 187,614</u>	<u>\$ 102,878</u>	<u>\$ 4,451</u>	<u>\$ 52,831</u>	<u>\$ 347,774</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clinton Township, Seneca County, (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, street lighting, fire protection 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

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire Special Levy Fund - This fund receives tax revenue which is used for the purpose of fire protection.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Debt Service Fund - This fund receives tax revenue to pay note debt for the purchase of a new fire truck and fire station.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Public Works Fund - The Township received a grant from the State of Ohio to repair and pave roads.

Permanent Improvement Fund - This fund receives tax revenue which is used for the purpose of purchasing major equipment or vehicles.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

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

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 326,164	\$ 277,774
Certificates of deposit	<u>70,000</u>	<u>70,000</u>
Total deposits	<u>\$ 396,164</u>	<u>\$ 347,774</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 333,374	\$ 212,422	\$ (120,952)
Special Revenue	385,353	271,933	(113,420)
Debt Service	23,068	12,000	(11,068)
Capital Projects	<u>77,794</u>	<u>24,021</u>	<u>(53,773)</u>
Total	<u>\$ 819,589</u>	<u>\$ 520,376</u>	<u>\$ (299,213)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 329,750	\$ 204,248	\$ 125,502
Special Revenue	363,500	240,102	123,398
Debt Service	12,000	11,115	885
Capital Projects	<u>76,521</u>	<u>16,521</u>	<u>60,000</u>
Total	<u>\$ 781,771</u>	<u>\$ 471,986</u>	<u>\$ 309,785</u>

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

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 248,155	\$ 214,143	\$ (34,012)
Special Revenue	370,354	244,420	(125,934)
Debt Service	21,133	19,500	(1,633)
Capital Projects	23,526	37,500	13,974
Total	<u>\$ 663,168</u>	<u>\$ 515,563</u>	<u>\$ (147,605)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 246,450	\$ 136,545	\$ 109,905
Special Revenue	328,000	234,822	93,178
Debt Service	19,500	18,108	1,392
Capital Projects	17,500	0	17,500
Total	<u>\$ 611,450</u>	<u>\$ 389,475</u>	<u>\$ 221,975</u>

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township.

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

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note/Fire Truck	<u>\$ 10,000</u>	6%

The general obligation notes were issued to finance the purchase of a new fire truck to be used for Township.

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

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

Year ending December 31:	General Obligation Notes
2000	\$ 11,100

6. RETIREMENT SYSTEMS

The Township's trustees, clerk and roadmen belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plan. 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 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Risk Management Authority Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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

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

Clinton Township
Seneca County
2584 North State Route 101
PO Box 801
Tiffin, Ohio 44883-0801

To the Board of Trustees:

We have audited the accompanying financial statements of Clinton Township, Seneca County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated February 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated February 24, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 February 24, 2000.

This report is intended for the information and use of the 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

February 24, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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CLINTON TOWNSHIP

SENECA 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 21, 2000**