



**Auditor of State
Betty Montgomery**

CLINTON TOWNSHIP
FULTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Clinton Township
Fulton County
149 S. Fulton Street
Wauseon, OH 43567-1351

To the Board of Trustees:

We have audited the accompanying financial statements of Clinton Township, Fulton County, (the Township) as of and for the years ended December 31, 2002 and 2001. 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 audits in accordance with auditing standards generally accepted in the United States of America 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 of the Township as of December 31, 2002 and 2001, 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 May 29, 2003 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 audit.

Clinton Township
Fulton County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, the Board, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 29, 2003

**CLINTON TOWNSHIP
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$114,546	\$429,698	\$544,244
Intergovernmental	101,548	111,324	212,872
Licenses, Permits, and Fees	1,800	4,305	6,105
Earnings on Investments	4,091	559	4,650
Other Revenue	6,873	45,165	52,038
	<u>228,858</u>	<u>591,051</u>	<u>819,909</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	135,570		135,570
Public Safety	4,160	15,870	20,030
Public Works	20,514	383,849	404,363
Health		6,774	6,774
Debt Service:			
Redemption of Principal		65,785	65,785
Interest and Fiscal Charges		4,588	4,588
Capital Outlay		31,592	31,592
	<u>160,244</u>	<u>508,458</u>	<u>668,702</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	<u>68,614</u>	<u>82,593</u>	<u>151,207</u>
Other Financing Receipts:			
Other Sources	<u>185</u>		<u>185</u>
Total Other Financing Receipts	<u>185</u>		<u>185</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	68,799	82,593	151,392
Fund Cash Balances, January 1	<u>55,844</u>	<u>219,208</u>	<u>275,052</u>
Fund Cash Balances, December 31	<u>\$124,643</u>	<u>\$301,801</u>	<u>\$426,444</u>

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

**CLINTON TOWNSHIP
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$103,058	\$416,081	\$519,139
Intergovernmental	105,815	110,518	216,333
Licenses, Permits, and Fees	1,710	3,975	5,685
Earnings on Investments	9,946	1,449	11,395
Other Revenue	5,080	11,934	17,014
	<u>225,609</u>	<u>543,957</u>	<u>769,566</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	158,324		158,324
Public Safety	5,717	21,479	27,196
Public Works	30,296	393,499	423,795
Health		3,446	3,446
Debt Service:			
Redemption of Principal		66,518	66,518
Interest and Fiscal Charges		7,578	7,578
Capital Outlay		46,246	46,246
	<u>194,337</u>	<u>538,766</u>	<u>733,103</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	<u>31,272</u>	<u>5,191</u>	<u>36,463</u>
Other Financing Receipts and (Disbursements):			
Transfers-In		10,000	10,000
Transfers-Out	(10,000)		(10,000)
	<u>(10,000)</u>	<u>10,000</u>	
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	21,272	15,191	36,463
Fund Cash Balances, January 1	<u>34,572</u>	<u>204,017</u>	<u>238,589</u>
Fund Cash Balances, December 31	<u>\$55,844</u>	<u>\$219,208</u>	<u>\$275,052</u>

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

**CLINTON TOWNSHIP
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clinton Township, Fulton 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 government services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of Wauseon to provide fire protection and ambulance 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

Repurchase agreements 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.

**CLINTON TOWNSHIP
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

Special Levy Road Service Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads.

Special Levy Fire Equipment Fund - This fund receives property tax money for maintaining fire equipment.

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. Appropriations lapse at year end. The Board of Trustees did not approve the annual appropriation measures or subsequent amendments for fiscal year 2001.

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 2002 and 2001 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
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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:

	2002	2001
Demand deposits	\$426,444	\$715
Repurchase agreement		274,337
Total deposits and investments	\$426,444	\$275,052

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

Investments: The Public Funds Sweep Account is "swept" by the financial institution into overnight repurchase agreements. The financial institution maintains records identifying the Township as owner.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,863	\$229,043	\$104,180
Special Revenue	553,082	591,051	37,969
Total	\$677,945	\$820,094	\$142,149

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$174,124	\$160,244	\$13,880
Special Revenue	745,200	508,458	236,742
Total	\$919,324	\$668,702	\$250,622

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$183,911	\$225,609	\$41,698
Special Revenue	616,336	553,957	(62,379)
Total	\$800,247	\$779,566	(\$20,681)

**CLINTON TOWNSHIP
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$204,337	(\$204,337)
Special Revenue		538,766	(538,766)
Total		\$743,103	(\$743,103)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$204,337 and the Special Revenue Funds by \$538,766 for the year ended December 31, 2001.

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, 2002 was as follows:

	Principal	Interest Rate
General Obligation Notes - 1999	\$55,683	4.375%

The general obligation notes for 1999 were issued to finance the purchase of a fire truck. The loan will be repaid in semiannual installments of \$35,186, including interest in 2003. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed.

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

	General Obligation
Year ending December 31:	Notes - 1999
2003	\$57,361

**CLINTON TOWNSHIP
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The 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 2002 and 2001, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (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 Pool reported the following summary for the years available of assets and actuarially measured liabilities available to pay those liabilities as of December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	9,379,003	8,924,977
Retained Earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	647,667	497,831
Retained Earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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**Auditor of State
Betty Montgomery**

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

Clinton Township
Fulton County
149 S. Fulton Street
Wauseon, OH 43567-1351

To the Board of Trustees:

We have audited the accompanying financial statements of Clinton Township, Fulton County, (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 29, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2002-001, 2002-002 and 2002-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 29, 2003.

Internal Control over Financial Reporting

In planning and performing our audit, 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 May 29, 2003.

Clinton Township
Fulton County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 29, 2003

**CLINTON TOWNSHIP
FULTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Revised Code § 5705.38 requires on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1. In 2001 no evidence was provided to indicate that appropriations were passed by the Trustees. Appropriation amounts were entered into the Uniform Accounting Network (UAN) system; these are not supported by any legislative action.

Ohio Revised Code § 5705.41(B) states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. Since no appropriations were passed by the Trustees the townships expenditures exceeded appropriations in their entirety for 2001 by the following amounts:

	<u>Fund Name</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
2001	General Fund		\$204,337	\$204,337
	Special Revenue		538,766	538,766

The Township Clerk indicated he was made aware of disbursements exceeding appropriations in the prior audit's schedule of findings. No further reasoning was indicated as to why legislative action was not taken.

We recommend the Township review the budgetary process that is to be followed as outlined in the Auditor of State Ohio Township Handbook Appendix III. Also, the Trustees are to pass an appropriation resolution at the beginning of each fiscal year based upon the amounts on the Amended Certificate as received from the Fulton County Budget Commission. The adopted appropriation amounts should be posted to the ledgers to assist the Township in monitoring the financial activity of the Township.

FINDING NUMBER 2002- 002

Finding for Adjustment

Ohio Revised Code § 5705.10 states all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. The Township posted the entire 2002 first half settlement for the public utility reimbursement derived from the KWH tax charged to electric users to the general fund and did not allocate this reimbursement as presented by the County Auditor to the tax levy funds as follows:

	<u>Adjust From</u>	<u>Adjust To</u>
2002		
General Fund (1000)	\$5,495.00	
Road and Bridge Fund (2031)		\$1,022.00
Special Levy Road Service Fund (2191)		2,850.00
Special Levy Fire Operating Fund (2192)		487.00
Special Levy Fire Equipment Fund (2193)		1,136.00

FINDING NUMBER 2002- 003

Finding for Adjustment

Ohio Revised Code § 5705.10 states that all revenue derived from the general levy for current expense within the ten-mill limitation, and any general levy for current expense authorized by vote in excess of the ten-mill limitation shall be paid into the general fund. Auditor and Treasurer Fees from the real estate and personal property tax settlements in 2001 and 2002 were all posted to the General Fund and not allocated as presented on the County Auditor tax settlement sheets to the following funds as follows:

<u>2002</u>	<u>Adjust From</u>	<u>Adjust To</u>
Special Levy Fire Equipment Fund (2193)	\$3,749.62	
General Fund (1000)		\$3,749.62
<u>2001</u>		
Special Levy Fire Equipment Fund (2193)	\$1,814.71	
Special Levy Road Service Fund (2191)	3,714.65	
General Fund (1000)		\$5,529.36

**CLINTON TOWNSHIP
FULTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-40126-001 2000-40126-002	ORC §§ 5705.38 and 5705.41(B) failure to appropriate fund and expenditures exceeding appropriations.	No.	Partially corrected. There was an appropriation measure passed and filed with the county auditor for 2002. Reissued as finding number 2002-001.



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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CLINTON TOWNSHIP

FULTON 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
JUNE 24, 2003**