



OHIO AUDITOR OF STATE  
**KEITH FABER**





CLAY TOWNSHIP  
SCIOTO COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

Clay Township  
Scioto County  
1440 Normandy Avenue  
Portsmouth, Ohio 45662

To the Board of Township Trustees:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Clay Township, Scioto County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements for each year, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio  
November 3, 2022

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**Clay Township**

Scioto County, Ohio

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$156,164	\$958,734	\$0	\$1,114,898
Charges for Services	0	93,774		93,774
Licenses, Permits and Fees	49,469	11,250		60,719
Intergovernmental	37,496	441,134		478,630
Earnings on Investments	145	13		158
Miscellaneous	4,750	8,450		13,200
<i>Total Cash Receipts</i>	<u>248,024</u>	<u>1,513,355</u>	<u>0</u>	<u>1,761,379</u>
<b>Cash Disbursements</b>				
Current:				
General Government	198,920	42,150		241,070
Public Safety		409,627		409,627
Public Works		438,765		438,765
Health		13,345		13,345
Conservation-Recreation	11,440		1,844	13,284
Capital Outlay		166,749		166,749
Debt Service:				
Principal Retirement		91,951		91,951
Interest and Fiscal Charges		17,873		17,873
<i>Total Cash Disbursements</i>	<u>210,360</u>	<u>1,180,460</u>	<u>1,844</u>	<u>1,392,664</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>37,664</u>	<u>332,895</u>	<u>(1,844)</u>	<u>368,715</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		51,060		51,060
Transfers Out		(51,060)		(51,060)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	37,664	332,895	(1,844)	368,715
<i>Fund Cash Balances, January 1</i>	<u>110,512</u>	<u>829,036</u>	<u>2,088</u>	<u>941,636</u>
<i>Fund Cash Balances, December 31</i>	<u>\$148,176</u>	<u>\$1,161,931</u>	<u>\$244</u>	<u>\$1,310,351</u>

See accompanying notes to the basic financial statements

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**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Clay Township, Scioto County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Scioto County Sheriff’s Department to provide police protections.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Road and Bridge Fund*** This fund receives property tax monies and homestead and rollback monies for constructing, maintain and preparing Township roads and bridges.

***Fire District Tax Fund*** This fund receives property tax monies and homestead and rollback monies for the purchase of fire equipment and to provide fire protection to residents of the Township.

***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 Fund:

***Miscellaneous Capital Project Fund*** The Township received bond proceeds for the acquisition and/or construction of a new administrative building. This fund accounts for the receipt and use of these proceeds.

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***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 (C). 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 (C) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2021 budgetary activity appears in Note 3.

***Deposits***

The Township maintains its deposit pool in an interest bearing checking account with a local commercial bank.

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***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 *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$205,180	\$248,024	\$42,844
Special Revenue	1,433,613	1,564,415	130,802
Capital Projects	0	0	0
<b>Total</b>	<b>\$1,638,793</b>	<b>\$1,812,439</b>	<b>\$173,646</b>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$203,803	\$210,360	(\$6,557)
Special Revenue	1,438,700	1,231,520	207,180
Capital Projects	0	1,844	(1,844)
<b>Total</b>	<b>\$1,642,503</b>	<b>\$1,443,724</b>	<b>\$198,779</b>

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township’s deposit accounts are as follows:

	2021
Demand deposits	\$1,310,351

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$5,820 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

**Lodging Excise Tax**

The Township has assessed a lodging excise tax for all hotels/motels within the Township. The assessed tax rate as adopted by the Board of Trustees is four percent of gross lodging revenue for the month. The taxes are due on or before the fifteenth day of each month for the previous month's lodging revenue.

**Note 6 – Risk Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health coverage to elected officials and full time employees through a private carrier.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Township 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 health care 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, 2021.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Building Acquisition Bonds	\$259,134	2.80%
Ambulance Lease Purchase	28,287	4.75%
Fire Truck Acquisition Bond	\$258,530	5.00%
Tractor Note	\$41,690	6.90%
Total	\$587,641	

The Township issued a \$500,000 building acquisition general obligation bond on July 22, 2013 for the purpose of acquiring and constructing an administrative building. The Township is scheduled to make annual principal and semi-annual interest payments commencing December 1, 2013. This bond carries an interest rate of 2.80% and has a final maturity date of June 1, 2023, which will be a balloon payment of the remaining principal balance as of that date.

The Township entered into a lease purchase agreement with PNC Equipment Finance, LLC on June 28, 2018 for the purpose of purchasing an ambulance. The Township is scheduled to make annual payments in the amount of \$31,397, which includes interest, through December 28, 2022.

The Township issued a \$345,000 fire equipment general obligation bond on April 18, 2019 for the purpose of financing the cost of acquiring a fire truck. The Township is scheduled to make annual principal and semi-annual interest payments commencing June 1, 2019. This bond carries an interest rate of 5.00% and has a final maturity date of December 1, 2028.

The Township signed a promissory note for \$46,300 on May 19, 2020 for the purpose of financing a 2014 John Deere 6115M cab tractor. The Township is scheduled to make monthly principal and interest payments of \$971 commencing on April 15, 2021. This note carries an interest rate of 6.90% and has a final maturity date of April 15, 2026.

***Amortization***

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



**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

Year Ending December 31:	Building Acquisition Bond	Ambulance Lease Purchase	Fire Truck Bond	Tractor Note
2022	40,803	31,398	44,679	11,652
2023	228,262	0	44,679	11,652
2024	0	0	44,679	11,652
2025	0	0	44,680	11,652
2026	0	0	44,679	3,884
2027-2028	0	0	89,359	0
Total	<u>\$269,065</u>	<u>\$31,398</u>	<u>\$312,755</u>	<u>\$50,492</u>

**Note 10 – Contingent Liabilities**

**Grants**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Litigation**

The Township is not currently party to legal proceedings.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$0	\$0	\$0	\$0
Outstanding Encumbrances	0	0	0	0
Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 12– Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Township's General Fund, Fire Fund, Miscellaneous Special Revenue Fund and Miscellaneous Capital Projects Fund of \$6,557, \$21,484, \$51,060 and \$1,844, respectively.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Township received \$180,957 in 2021. None of these funds were spent by year end. The Township did not sub-grant funds to other governments and organizations, nor were funds returned to granting agency or spent on-behalf of other governments.

**Note 14 – SUBSEQUENT EVENT**

In June 2022, the Township approved to accept legal representation from their insurance company in regards to a lawsuit that was filed against the Township by Kyle McCain. The Township does not believe this lawsuit will result in any material issues.

**Clay Township**

Scioto County, Ohio

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$134,299	\$867,267	\$0	\$1,001,566
Charges for Services	0	78,512		78,512
Licenses, Permits and Fees	48,914	8,700		57,614
Intergovernmental	41,371	555,207	60,000	656,578
Earnings on Investments	2,127	203		2,330
Miscellaneous	7,591	21,911		29,502
<i>Total Cash Receipts</i>	<u>234,302</u>	<u>1,531,800</u>	<u>60,000</u>	<u>1,826,102</u>
<b>Cash Disbursements</b>				
Current:				
General Government	194,144	30,196		224,340
Public Safety		594,145		594,145
Public Works		421,413		421,413
Health		4,843		4,843
Conservation-Recreation	7,623		2,001	9,624
Capital Outlay		259,018	60,000	319,018
Debt Service:				
Principal Retirement		114,392		114,392
Interest and Fiscal Charges		34,173		34,173
<i>Total Cash Disbursements</i>	<u>201,767</u>	<u>1,458,180</u>	<u>62,001</u>	<u>1,721,948</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>32,535</u>	<u>73,620</u>	<u>(2,001)</u>	<u>104,154</u>
<i>Fund Cash Balances, January 1</i>	<u>77,977</u>	<u>755,416</u>	<u>4,089</u>	<u>837,482</u>
<i>Fund Cash Balances, December 31</i>	<u>\$110,512</u>	<u>\$829,036</u>	<u>\$2,088</u>	<u>\$941,636</u>

See accompanying notes to the basic financial statements

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**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Clay Township, Scioto County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, emergency medical services and fire protection. The Township contracts with the Scioto County Sheriff's Department to provide police protections.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Road and Bridge Fund*** The road and bridge fund receives property tax monies and homestead and rollback monies for constructing, maintaining, and repairing township roads.

***Fire District Fund*** The fire district fund receives property tax monies and homestead and rollback monies for the purchase of fire equipment and to provide fire protection to residents of the township.

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

***Miscellaneous Capital Project Fund*** The township received bond proceeds for the acquisition and/or construction of a new administrative building. This fund accounts for the receipt and use of those proceeds.

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Ohio Public Works Commission (OPWC) 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 (C). 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 (C) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 3.

***Deposits***

The Township maintains its deposit pool in an interest-bearing checking account with a local commercial bank.

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**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 *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$198,250	\$234,302	\$36,052
Special Revenue	1,419,927	1,531,800	111,873
Capital Projects	0	60,000	60,000
Total	\$1,618,177	\$1,826,102	\$207,925

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$194,800	\$201,767	(\$6,967)
Special Revenue	1,523,650	1,458,180	65,470
Capitla Projects	64,000	62,001	1,999
Total	\$1,782,450	\$1,721,948	\$60,502

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township’s deposit accounts are as follows:

	2020
Demand deposits	\$941,636

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$5,592 in unremitted employee payroll withholdings.

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**Lodging Excise Tax**

The Township has assessed a lodging excise tax for all hotels/motels within the Township. The assessed tax rate as adopted by the Board of Trustees is four percent of gross lodging revenue for the month. The taxes are due on or before the fifteenth day of each month for the previous month’s lodging revenue.



**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 – Risk Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health coverage to elected officials and full time employees through a private carrier.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Township 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 health care 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, 2020.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

	Principal	Interest Rate
Building Acquisition Bonds	\$292,231	2.80%
Ambulance Lease Purchase	56,902	4.75%
Fire Truck Acquisition Bond	\$288,770	5.00%
Tractor Note	\$46,300	6.90%
Total	<u>\$684,203</u>	

The Township issued a \$500,000 building acquisition general obligation bond on July 22, 2013 for the purpose of acquiring and constructing an administrative building. The Township is scheduled to make annual principal and semi-annual interest payments commencing December 1, 2013. This bond carries an interest rate of 2.80% and has a final maturity date of June 1, 2023, which will be a balloon payment of the remaining principal balance as of that date.

The Township entered into a lease purchase agreement with PNC Equipment Finance, LLC on June 28, 2018 for the purpose of purchasing an ambulance. The Township is scheduled to make annual payments in the amount of \$31,397, which includes interest, through December 28, 2022.

The Township issued a \$345,000 fire equipment general obligation bond on April 18, 2019 for the purpose of financing the cost of acquiring a fire truck. The Township is scheduled to make annual principal and semi-annual interest payments commencing June 1, 2019. This bond carries an interest rate of 5.00% and has a final maturity date of December 1, 2028.

The Township signed a promissory note for \$46,300 on May 19, 2020 for the purpose of financing a 2014 John Deere 6115M cab tractor. The Township is scheduled to make monthly principal and interest payments of \$971 commencing on April 15, 2021. This note carries an interest rate of 6.90% and has a final maturity date of April 15, 2026.

***Amortization***

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

Year Ending December 31:	Building Acquisition Bond	Ambulance Lease Purchase	Fire Truck Bond	Tractor Note
2021	\$40,816	\$31,397	\$44,678	\$7,768
2022	40,803	31,398	44,679	11,652
2023	228,262	0	44,679	11,652
2024	0	0	44,679	11,652
2025	0	0	44,680	11,652
2026-2028	0	0	134,038	3,884
Total	<u>\$309,881</u>	<u>\$62,795</u>	<u>\$357,433</u>	<u>\$58,260</u>

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Contingent Liabilities**

**Grants**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Litigation**

The Township is not currently party to legal proceedings.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the Township had no encumbrances outstanding and they had no nonspendable balances, so these were all \$0 balances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

The effect of this change had no effect on the beginning cash balances.

**Note 13 – COVID-19**

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

**Clay Township**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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During 2020, the Township received CARES Act funding in the amount of \$171,550. These funds were spent primarily on emergency services equipment. These amounts are reflected as public safety expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**Note 14 – COMPLIANCE**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Township's General Fund and Fire Fund in amounts of \$6,967 and \$135,079 respectively.

**Note 15 – SUBSEQUENT EVENT**

In June 2022, the Township approved to accept legal representation from their insurance company in regards to a lawsuit that was filed against the Township by Kyle McCain. The Township does not believe this lawsuit will result in any material issues.

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Clay Township  
Scioto County  
1440 Normandy Avenue  
Portsmouth, Ohio 45662

To the Board of Township Trustees:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Clay Township, Scioto County, Ohio (the Township) and have issued our report thereon dated November 3, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-002 and 2021-003 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-001.

**Township's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**Purpose of this Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
November 3, 2022

CLAY TOWNSHIP  
SCIOTO COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

**NONCOMPLIANCE**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township's General Fund, Fire Fund, Miscellaneous Special Revenue Fund and Miscellaneous Capital Projects Fund had expenditures in excess of appropriations of \$6,557, \$21,484, \$51,060 and \$1,844, as of December 31, 2021, respectively, and the Township's General Fund and Fire Fund had expenditures in excess of appropriations of \$6,967 and \$135,079, as of December 31, 2020, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Trustees should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Officials' Response:**

We will strive to correct this in the future.

FINDING NUMBER 2021-002

**MATERIAL WEAKNESS**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In order to achieve proper financial reporting, all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

Sound financial reporting is the responsibility of the Township Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statement is complete and accurate.

**FINDING NUMBER 2021-002**  
**(Continued)**

Due to deficiencies in internal control related to financial reporting, the Township misclassified and misposted various receipts, disbursements, and fund balances in the annual financial report submitted to the Auditor of State for fiscal years 2021 and 2020. These misstatements had the following effect on the Township's financial statements:

December 31, 2021 Financial Statements:

- General Fund Property Tax Revenue was understated by \$23,973 and the General Government expenditures were also understated by the same amount.
- Ambulance and EMS Services Fund Miscellaneous Revenue was overstated by \$73,619 due to a vendor providing a refund over stated expenditures that occurred in 2020.

December 31, 2020 Financial Statements:

- General Fund Property Tax Revenue was understated by \$41,937 and the General Government expenditures were also understated by the same amount.
- On behalf activity relating to an Ohio Public Works Commission Project Grant was incorrectly recorded. It was posted to Road and Bridge Fund Miscellaneous Revenue and Capital Outlay, instead of a Capital Project Fund Intergovernmental Revenue and Capital Outlay.
- Coronavirus Relief Grant receipts in the amount of \$171,550 were recorded in the Coronavirus Relief Fund as Other Financing Sources instead of Intergovernmental receipts.
- Ambulance and EMS Services Fund Capital Outlay was overstated by \$73,619 due to overpayment of duplicated invoices from Stryker Co, which were refunded to the Township in 2021.

This resulted in audit adjustments and reclassifications to the financial statements. Any fund balance adjustments have been posted to the Township's accounting system.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and footnotes by the Township Fiscal Officer and Board of Trustees to identify and correct errors and omissions.

We also recommend the Township Fiscal Officer refer to the Ohio Township Handbook and Auditor of State Bulletins 2000-008, 2002-004 and 2011-004 and also take due care in posting transactions in order to ensure the annual financial statements reflect the appropriate activity for the Township's receipts and disbursements.

**Officials' Response:**

We will strive to correct this in the future.



**FINDING NUMBER 2021-003**

**MATERIAL WEAKNESS**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board of Trustees to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board of Trustees are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

For 2021 and 2020, the budgetary footnote information filed through the Hinkle System was incorrectly reported. This had to be adjusted as follows:

Fund Type	Year	Amount Reported	Adjusted Amount	Difference
General	2021	\$278,693	\$203,803	\$74,890
Special Revenue	2021	1,779,317	1,438,700	340,617
Capital Projects	2021	2,088	0	2,088
Special Revenue	2020	1,948,650	1,523,650	425,000

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The original appropriations approved by the Board of Trustees were posted to the accounting system, but then amendments were made to those appropriations in the system, that were never approved by the Board of Trustees. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system accurately at all times throughout the year.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and only appropriations approved by the Board of Trustees. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**Officials' Response:**

We will strive to correct this in the future.

**OTHER – FINDINGS FOR RECOVERY**

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS report.

**FINDING NUMBER 2021-004**

**NONCOMPLIANCE / FINDING FOR RECOVERY – REPAID UNDER AUDIT**

**Ohio Rev. Code § 505.24 (A)** provides a township trustee is entitled to compensation as follows:

In a township having a budget of more than one million five hundred thousand but not more than three million five hundred thousand dollars; sixty-two dollars and thirty-nine cents per day.

The Township's annual budget was between \$1,500,000 - \$3,500,000 for 2021 and 2020. Based on this budget amount, Ohio Rev. Code § 505.24(A) limited the annual salary for trustee Timothy Hines to \$12,478 in 2021 and 2020. However, the trustee was paid incorrectly both years as follows:

Trustee Compensation Annual Allowable Salary for 2021	\$12,478
Trustee compensation amount received in 2021	\$13,144
Over Payment for 2021	\$666

Trustee Compensation Annual Allowable Salary for 2020	\$12,478
Trustee compensation amount received in 2020	\$12,918
Over Payment for 2020	\$440

Based on the chart above, the Trustee was over compensated in the amount of \$666 in the year 2021 and \$440 in the year 2020, for a total of \$1,106.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Trustee Timothy Hines and his bonding company, The Ohio Casualty Insurance Company, in the amount of \$1,106, and in favor of Clay Township, Scioto County, Gasoline Fund in the amount of \$1,106.

On September 1, 2022, Mr. Hines paid Clay Township, via a personal check, the total finding amount of \$1,106. This amount was deposited into the Township's bank account on September 1, 2022 and posted to the Township's accounting system on September 1, 2022. This finding for recovery is considered paid in full.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2021-005**

**NONCOMPLIANCE / FINDING FOR RECOVERY – REPAID UNDER AUDIT**

**Ohio Rev. Code § 505.24 (A)** provides a township trustee is entitled to compensation as follows:

In a township having a budget of more than one million five hundred thousand but not more than three million five hundred thousand dollars; sixty-two dollars and thirty-nine cents per day.

The Township's annual budget was between \$1,500,000 - \$3,500,000 for 2021 and 2020. Based on this budget amount, Ohio Rev. Code § 505.24(A) limited the annual salary for trustee Tony Whitt to \$12,478 in 2021 and 2020. However, the trustee was paid incorrectly both years as follows:

**FINDING NUMBER 2021-005  
 (Continued)**

Trustee Compensation Annual Allowable Salary for 2021	\$12,478
Trustee compensation amount received in 2021	\$13,144
Over Payment for 2021	\$666

Trustee Compensation Annual Allowable Salary for 2020	\$12,478
Trustee compensation amount received in 2020	\$12,918
Over Payment for 2020	\$440

Based on the chart above, the Trustee was over compensated in the amount of \$666 in the year 2021 and \$440 in the year 2020, for a total of \$1,106.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Trustee Tony Whitt and his bonding company, The Ohio Casualty Insurance Company, in the amount of \$1,106, and in favor of Clay Township, Scioto County, Gasoline Fund in the amount of \$1,106.

On September 1, 2022, Mr. Whitt paid Clay Township, via a personal check, the total finding amount of \$1,106. This amount was deposited into the Township's bank account on September 1, 2022 and posted to the Township's accounting system on September 1, 2022. This finding for recovery is considered paid in full.

**Officials' Response:**

We will strive to correct this in the future.

**FINDING NUMBER 2021-006**

**NONCOMPLIANCE / FINDING FOR RECOVERY – REPAID UNDER AUDIT**

**Ohio Rev. Code § 507.09(A)** provides a township fiscal officer shall be entitled to compensation as follows:

In a township having a budget of more than one million five hundred thousand but not more than three million five hundred thousand dollars, twenty-one thousand eight hundred thirty six dollars.

Ohio Rev. Code § 507.09(B) stated in calendar year 2019 and in each calendar year thereafter through calendar year 2028, the compensation determined under division (A) of this section shall be increased by one and three-quarters per cent.

The Township's annual budget was between \$1,500,000 - \$3,500,000 for 2020. Based on this budget amount, Ohio Rev. Code § 507.09(A) limited the annual salary for Fiscal Officer, Richard Vournazos to \$22,414 in 2020. This was based on January - March 2020 being paid under 507.09(A) and the remainder of the year being paid under 507.09(B) since he started a new term in April 2020. However, the Fiscal Officer was paid incorrectly as follows:

Fiscal Officer Compensation Annual Allowable Salary	\$22,414
Fiscal Officer compensation amount received	\$22,606
Over Payment	\$192

Based on the chart above, the Fiscal Officer was over compensated in the amount of \$192.

**FINDING NUMBER 2021-006**  
**(Continued)**

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Fiscal Officer, Richard Vournazos and his bonding company, The Ohio Casualty Insurance Company, in the amount of \$192, and in favor of Clay Township, Scioto County, General Fund in the amount of \$192.

On August 31, 2022, Mr. Vournazos paid Clay Township via a personal check the total finding amount of \$192. This amount was deposited into the Township's bank account on September 1, 2022 and posted to the Township's accounting system on September 1, 2022. This finding for recovery is considered paid in full.

**Officials' Response:**

We will strive to correct this in the future.

CLAY TOWNSHIP  
SCIOTO COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021 AND 2020

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Material Weakness - Sound Financial Reporting	Not Corrected.	Errors in posting to the system were identified. Reissued as Finding Number 2021-002.
2019-002	Noncompliance Citation – Ohio Rev. Code § 5705.41(B), Expenditures exceeded appropriations	Not Corrected.	Township did not monitor properly. Reissued as Finding Number 2021-001.



# OHIO AUDITOR OF STATE KEITH FABER



**CLAY TOWNSHIP**

**SCIOTO 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 11/15/2022**

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)