



OHIO AUDITOR OF STATE
KEITH FABER





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BASIC AUDIT REPORT

Clay Township
Muskingum County
P.O. Box 37
Roseville, Ohio 43777

We have completed certain procedures in accordance with Ohio Rev. Code § 117.01(G) to the accounting records and related documents of Clay Township, Muskingum County, Ohio (the Township), for the years ended December 31, 2024 and 2023.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code § 117.11(A). Because our procedures were not designed to opine on the Township's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Township's financial statements, transactions or balances for the years ended December 31, 2024 and 2023.

The Township's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code § 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. **Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records and Open Meetings Laws during each term of office. The training received must be certified by the Ohio Attorney General.

One of two (50%) of the Township's elected officials with term ending during the engagement period, did not, during their term of office, attend a required Certified Training or have an appropriate designee attend the training as required by Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1), due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders. This was reported in the prior basic audit.

2. **Ohio Rev. Code § 117.38** required the Township to file a financial report to the Auditor of State for each fiscal year within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. The Auditor of State has established an electronic filing system, the HINKLE System, that the Authority was required to utilize to file reports.

The Township's annual financial report for the year ending December 31, 2023 was due by February 29, 2024, however, was not filed with the Auditor of State until January 21, 2025. This was reported in the prior basic audit.

Current Year Observations (Continued)

3. **Ohio Rev. Code § 505.60** outlines the requirements for a Township Board of Trustees to procure and pay all or any part of the cost of insurance for Township officers and employees. If a Township officer or employee is denied coverage under a health care plan procedure under this section or if any Township officer or employee elects not to participate in the Township's health care plan, the Township may reimburse the officer or employee for each out-of-pocket premium attributable to the coverage provided for the officer or employee and their immediate dependents for insurance benefits.

During 2024 and 2023, the Township did not have a resolution in place meeting all of the requirements of Ohio Rev. Code § 505.60. The Township should review their current practice of providing healthcare coverage of elected officials and employees and ensure a policy is in place as required by the Ohio Revised Code.

4. **Ohio Rev. Code § 505.24(C)** permits the compensation of the Township Trustees to be paid from the Township General Fund or from other Township funds in such proportions as the kinds of services performed. The fund allocation of benefits for Township Trustees should follow the allocation of compensation.

Ohio Rev. Code § 507.09(D) permits the compensation of the Township Fiscal Officer to be paid from the Township General Fund or from other Township funds based on the proportion of time the Township Fiscal Officer spends providing services related to each fund. A township fiscal officer must document the amount of time the township fiscal officer spends providing services related to each fund by certification specifying the percentage of time spent working on matters to be paid from the township general fund or from other township funds in such proportions as the kinds of services performed. The fund allocation of benefits for Township Trustees should follow the allocation of compensation.

During 2024 and 2023, healthcare reimbursements and healthcare insurance for Township Trustees was paid 100% from Special Revenue Funds, which was not in agreement with supporting payroll certifications. We brought this error to management's attention and they have corrected their accounting records to decrease the Gasoline Tax Special Revenue Fund by \$3,005, increase the Road and Bridge Special Revenue Fund by \$3,411 and decrease the General Fund by \$406.

During 2023, the Township Fiscal Officer's healthcare reimbursement was paid partially from the Road and Bridge Special Revenue Fund, however her salary was paid entirely from the General Fund. We brought this error to management's attention and they have corrected their accounting records to increase the Road and Bridge Special Revenue Fund and decrease the General Fund in the amount of \$2,822.

5. **Ohio Rev. Code § 5575.01(A)** requires that when the board proceeds by contract for the maintenance and repair of roads, the contract shall, if the amount involved exceeds one hundred five thousand dollars, be let by the board to the lowest responsible bidder after advertisement for bids, not later than two weeks, prior to the date fixed for the letting of the contract, in a newspaper of general circulation within the Township.

During 2024, the Township contracted and paid for road repairs exceeding the threshold and the Township did not competitively bid the project, obtain any price quotes or place an advertisement in the local newspaper, as required by Ohio Rev. Code § 5575.01.

6. **Ohio Rev. Code § 5705.38** states on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate.

Current Year Observations (Continued)

6. **Ohio Rev. Code § 5705.38 (Continued)**

If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April.

The Township's 2024 permanent appropriations were not formally approved until June 13th, 2024 after the required date of April 1st. Additionally, the Township was unable to provide documentation that appropriations were approved for the year ended December 31, 2023, therefore all expenditures exceeded appropriation authority, contrary to Ohio Rev. Code § 5705.41(B).

Failure to approve appropriations by the required date could result in deficiencies in the Township's compliance monitoring policies and procedures. This was reported in the prior basic audit.

7. **Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township inappropriately recorded \$12,524 of Gasoline Tax revenue in the Motor Vehicle License Tax Fund and \$413 of Motor Vehicle License Tax Fund revenue in the Gasoline Tax Fund. We brought this to management's attention, and they have adjusted their accounting records to increase the Gasoline Tax Special Revenue Fund and decrease the Motor Vehicle License Tax Special Revenue Fund by \$12,111.

The lack of controls over posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Township should implement controls to help ensure all transactions are reviewed for posting to the proper funds.

8. **Ohio Rev. Code § 5747.07** requires an employing government to remit taxes which it withheld pursuant to **Ohio Rev. Code § 5705.06** (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year. The Fiscal Officer withheld state payroll taxes for both 2024 and 2023; however, there is no evidence she paid the taxes for 4th quarter 2024 in accordance with the applicable schedule prescribed by **Ohio Rev. Code § 5747.07** and the annual reports submitted to the tax commissioner did not appear to be in agreement with Township payroll records.

Failure to file, pay, and/or report the withholdings could result in liabilities, penalties, and interest levied against the Township.

The Fiscal Officer should remit payment in accordance with applicable law and/or file the required reports when completing the last payroll of the year to avoid interest and penalties. This was reported in the prior basic audit. This matter will be referred to the Ohio Department of Taxation.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 16, 2025

OHIO AUDITOR OF STATE KEITH FABER



CLAY TOWNSHIP

MUSKINGUM 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 11/6/2025

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov