



**Auditor of State
Betty Montgomery**

CLINTON TOWNSHIP
VINTON COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Prior Audit Findings.....	13

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Clinton Township
Vinton County
38030 State Route 324
Hamden, Ohio 45634

To the Board of Trustees:

We have audited the accompanying financial statements of Clinton Township, Vinton County, Ohio (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 audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Clinton Township, Vinton County, 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 8, 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
Vinton County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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 8, 2003

CLINTON TOWNSHIP
VINTON COUNTY

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$6,621	\$32,897	\$	\$39,518
Intergovernmental	9,428	61,822		71,250
Special Assessments				0
Charges for Services		120		120
Licenses, Permits, and Fees				0
Fines, Forfeitures, and Penalties				0
Earnings on Investments	108	216	41	365
Other Revenue	597	1,698	100	2,395
	<u>16,754</u>	<u>96,753</u>	<u>141</u>	<u>113,648</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	14,532			14,532
Public Safety		6,302		6,302
Public Works		63,469		63,469
Health	485	19,509		19,994
Human Services				0
Conservation - Recreation	1,000			1,000
Miscellaneous			1,023	1,023
Debt Service:				
Principal and Interest Payments		12,447		12,447
Interest and Fiscal Charges				0
Capital Outlay				0
	<u>16,017</u>	<u>101,727</u>	<u>1,023</u>	<u>118,767</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>737</u>	<u>(4,974)</u>	<u>(882)</u>	<u>(5,119)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Proceed of Loan				0
Sale of Notes				0
Other Proceeds from Sale of Public Debt				0
Sale of Fixed Assets				0
Transfers-In		300		300
Advances-In				0
Transfers-Out	(300)			(300)
Advances-Out				0
Other Sources				0
Other Uses	0	0	0	0
	<u>(300)</u>	<u>300</u>		<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	437	(4,674)	(882)	(5,119)
Fund Cash Balances, January 1	4,911	20,033	2,566	27,510
Fund Cash Balances, December 31	<u>\$5,348</u>	<u>\$15,359</u>	<u>\$1,684</u>	<u>\$22,391</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**CLINTON TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$7,128	\$36,311	\$	\$43,439
Intergovernmental	7,629	62,151		69,780
Earnings on Investments	180	360	77	617
Other Revenue	1,336	2,103		3,439
	<u>16,273</u>	<u>100,925</u>	<u>77</u>	<u>117,275</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	12,388			12,388
Public Safety		6,651		6,651
Public Works		63,901		63,901
Health	549	24,095		24,644
Conservation - Recreation	499			499
Debt Service:				
Principal and Interest Payments		12,319		12,319
	<u>13,436</u>	<u>106,966</u>		<u>120,402</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,837</u>	<u>(6,041)</u>	<u>77</u>	<u>(3,127)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		300		300
Transfers-Out	(300)			(300)
Other Uses	(100)			(100)
	<u>(400)</u>	<u>300</u>		<u>(100)</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,437	(5,741)	77	(3,227)
Fund Cash Balances, January 1	<u>2,474</u>	<u>25,774</u>	<u>2,489</u>	<u>30,737</u>
Fund Cash Balances, December 31	<u>\$4,911</u>	<u>\$20,033</u>	<u>\$2,566</u>	<u>\$27,510</u>

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

**CLINTON TOWNSHIP
VINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clinton Township, Vinton 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 road and bridge maintenance, cemetery maintenance and fire protection. The Township contracts with the Hamden and Dundas fire departments to provide fire 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

The Township Clerk invests available funds of the Township in an interest bearing checking account and certificates of deposits.

Certificates of deposit are valued at cost.

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:

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

CLINTON TOWNSHIP
VINTON COUNTY

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Cemetery Fund – This fund receives property tax money for repairing and maintaining Township cemeteries.

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Cemetery Bequest Fund – This is a Non-expendable Trust which received interest payments for upkeep of cemeteries.

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 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.

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.

**CLINTON TOWNSHIP
VINTON COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$20,891	\$26,010
Certificates of deposit	1,500	1,500
Total deposits and investments	\$22,391	\$27,510

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

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	\$11,234	\$16,754	\$5,520
Special Revenue	96,923	97,053	130
Fiduciary	60	141	81
Total	\$108,217	\$113,948	\$5,731

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$16,146	\$16,317	(\$171)
Special Revenue	117,620	101,727	15,893
Fiduciary	2,626	1,023	1,603
Total	\$136,392	\$119,067	\$17,325

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,061	\$16,273	\$5,212
Special Revenue	97,584	101,225	3,641
Fiduciary		77	77
Total	\$108,645	\$117,575	\$8,930

**CLINTON TOWNSHIP
VINTON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$13,548	\$13,836	(\$288)
Special Revenue	121,953	106,966	14,987
Fiduciary	989	989	989
Total	\$136,490	\$120,802	\$15,688

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.

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
Truck Loan	\$31,848	6.75%
Total	\$31,848	

The Township obtained a promissory note from Vinton County National Bank, in 2000, for the purchase of a truck to be used for Township road maintenance. The original loan amount was for \$49,865 for five years, with annual payment of \$12,080, including interest, to begin in 2001.

**CLINTON TOWNSHIP
VINTON COUNTY**

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

5. DEBT (Continued)

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

	<u>Truck Loan</u>
Year ending December 31:	
2003	\$12,080
2004	12,080
2005	<u>12,080</u>
Total	<u><u>\$36,240</u></u>

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**CLINTON TOWNSHIP
VINTON COUNTY**

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

7. RISK MANAGEMENT (Continued)

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000, if the annual aggregate is reached and all specific losses exceed \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$ 23,757,036	\$ 23,703,776
Liabilities	<u>(9,197,512)</u>	<u>(9,379,003)</u>
Retained earnings	<u>\$ 14,559,524</u>	<u>\$ 14,324,773</u>
<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$ 6,596,996	\$ 5,011,131
Liabilities	<u>(1,204,326)</u>	<u>(647,667)</u>
Retained earnings	<u>\$ 5,392,670</u>	<u>\$ 4,363,464</u>



Auditor of State Betty Montgomery

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

Clinton Township
Vinton County
38030 State Route 324
Hamden, Ohio 45634

To the Board of Trustees:

We have audited the accompanying financial statements of Clinton Township, Vinton County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 8, 2003. We conducted our audit 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 8, 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 8, 2003.

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Clinton Township
Vinton 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 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 8, 2003

**CLINTON TOWNSHIP
VINTON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-001	Ohio Revised Code §5705.41(D)- incurring expenditures prior to obtaining certification by the Clerk	Yes	Corrected
2000-002	Finding Repaid Under Audit- Township sold three tires to a Trustee in 1999, and had not received payment	Yes	Corrected
2000-003	Ohio Revised Code §5705.41(B)- Township issued debt and the lending institution distributed the proceeds directly to the vendor for the purchase of the new truck. The receipt and expenditure of the debt proceeds were not recorded on the Township records. Neither appropriations nor estimated receipts were increased. Actual expenditures exceeded appropriations	Yes	Corrected



**Auditor of State
Betty Montgomery**

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CLINTON TOWNSHIP

VINTON 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
JULY 22, 2003**