



**CLINTON TOWNSHIP
VINTON COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

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Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

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Wheeling, WV 26003
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Columbus, Ohio 43215
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Board Trustees
Clinton Township
PO Box 44
Hamden, OH 45634

We have reviewed the *Independent Auditor's Report* of Clinton Township, Vinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Furthermore, **Ohio Revised Code § 5747.06** states that, except as provided in division (E)(3) of this section, every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation to the benefit of, the employee. The method of determining the amount to be withheld shall be prescribed by rule of the tax commissioner.

In addition, **Ohio Rev. Code § 145.47** requires each employer to withhold an amount, as determined by the public employees' retirement board, not to exceed ten percent from each employee's earnable salary that is a contributor to the retirement system. **Ohio Rev. Code § 145.48** states, in part, each employer shall pay to the public employees retirement system an

Board Trustees
 Clinton Township
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 Hamden, OH 45634
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amount that shall have a certain percent of the earnable salary of all contributors to be known as the “employer contribution.”

Lastly, **Internal Revenue Code (IRC) §§ 3401, 3402, 3403, 3404 and 3401(a)** require the employing government to withhold federal, state and local income and employment related taxes (such as Medicare). They also require the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

Throughout 2017 and 2018, the Township was assessed various penalties and interest for failing to remit or timely remit withholdings as follows:

Internal Revenue Service			
Tax Period Ending	Failure to File Penalty	Failure to Pay Penalty	Interest Charges
June 30, 2017	\$296	\$164	\$168
December 31, 2016	0	67	36
March 31, 2018	0	27	27
June 30, 2018	0	61	58
Totals:	<u>\$296</u>	<u>\$319</u>	<u>\$289</u>

Office of the Ohio Attorney General – Ohio Department of Taxation			
Periods Assessed	Penalty	Fees	Interest
January and December 2017	\$700	\$279	\$51

Ohio Public Employees Retirement System			
Report Period End Date	Penalty Charged on Employee Contributions	Penalty Charged on Employer Liability	Interest Charged on Employer Liability
November 30, 2016	\$11	\$6	\$2
January 31, 2017	14	8	2
February 28, 2017	4	0	0
April 30, 2017	11	6	1
June 30, 2017	5	0	0
August 31, 2017	5	0	0
October 31, 2017	13	7	1
December 31, 2017	11	6	1
May 31, 2018	15	8	2
July 31, 2018	13	7	3
August 31, 2018	13	7	3
Totals:	<u>\$115</u>	<u>\$55</u>	<u>\$15</u>

Board Trustees
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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 Carol Mae Brown, former Fiscal Officer, and her bonding company, Travelers Casualty and Surety Company of America, in the amount of \$2,119, and in favor of the Township's General Fund.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Clinton Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

November 21, 2019

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CLINTON TOWNSHIP
VINTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

September 25, 2019

Clinton Township
Vinton County
P.O. Box 44
Hamden, Ohio 45634

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Clinton Township**, Vinton County, (the Township) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional Opinion Qualification* and *Unmodified Opinions* paragraphs below.

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* paragraph, the financial statements referred to above 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, 2018 and 2017, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Non-payroll disbursements are reported as follows for the year ended December 31, 2017: General Fund in the amount of \$3,001, or 17% of total General Fund's disbursements and Special Revenue Funds in the amount of \$96,585, or 67% of total Special Revenue Funds' disbursements. For the year ended December 31, 2017, we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as non-payroll disbursements. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Clinton Township, Vinton County as of December 31, 2017, and for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Clinton Township, Vinton County as of December 31, 2018, and for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CLINTON TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 8,627	\$ 62,828	\$ 71,455
Intergovernmental	13,507	122,548	136,055
Earnings on Investments	132	43	175
Miscellaneous	9,088	5,658	14,746
<i>Total Cash Receipts</i>	<u>31,354</u>	<u>191,077</u>	<u>222,431</u>
Cash Disbursements			
Current:			
General Government	51,443	65,386	116,829
Public Safety	-	1,015	1,015
Public Works	-	50,660	50,660
Health	-	14,647	14,647
Debt Service:			
Principal Retirement	-	7,351	7,351
Interest and Fiscal Charges	-	473	473
<i>Total Cash Disbursements</i>	<u>51,443</u>	<u>139,532</u>	<u>190,975</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,089)</u>	<u>51,545</u>	<u>31,456</u>
Other Financing Receipts			
Other Debt Proceeds	26,000	-	26,000
Sale of Capital Assets	10,850	-	10,850
<i>Total Other Financing Receipts</i>	<u>36,850</u>	<u>-</u>	<u>36,850</u>
<i>Net Change in Fund Cash Balances</i>	<u>16,761</u>	<u>51,545</u>	<u>68,306</u>
<i>Fund Cash Balances, January 1</i>	<u>26,355</u>	<u>88,348</u>	<u>114,703</u>
Fund Cash Balances, December 31			
Restricted	-	119,577	119,577
Committed	-	20,316	20,316
Assigned	2,015	-	2,015
Unassigned	41,101	-	41,101
<i>Fund Cash Balances, December 31</i>	<u>\$ 43,116</u>	<u>\$ 139,893</u>	<u>\$ 183,009</u>

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

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Clinton Township, Vinton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, maintenance of Township roads and bridges, and maintenance of cemeteries. The Township contracts with Hamden Fire Department to provide fire services.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity. 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, which are organized on a fund type basis.

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:

Gasoline Tax Fund – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the State, and used for the repair and maintenance of Township roads.

Road and Bridge Fund – This fund receives personal property tax money for maintaining and repairing Township roads and bridges.

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

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 (D). 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 (D) 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.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$1,784 for the year ended December 31, 2018. Also contrary to Ohio law, the Township had violations of Ohio Revised Code Section 5705.41(D) for not properly certifying the availability of funds prior to purchase commitment.

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 51,200	\$ 68,204	\$ 17,004
Special Revenue	179,172	191,077	11,905
Total	\$ 230,372	\$ 259,281	\$ 28,909

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 51,673	\$ 53,457	\$ (1,784)
Special Revenue	181,028	147,892	33,136
Total	\$ 232,701	\$ 201,349	\$ 31,352

Note 5 – Deposits and Investments

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

	2018
Demand deposits	\$ 181,509
Certificates of deposit	1,500
Total deposits	\$ 183,009

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – 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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

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

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 7 - Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 33,097,416
Actuarial liabilities	\$ 7,874,610

The Township's contribution to OTARMA for the year ending December 31, 2018 was \$5,172.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, 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 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 10 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
Loan: Tractor	\$ 7,601	3.0%
Loan: Repairs	26,000	3.5%
Total	\$ 33,601	

The Township obtained a note in 2012 in the amount of \$48,494 to finance the purchase of a tractor. The tractor collateralized the note.

The Township obtained a note in 2018 in the amount of \$26,000 to repair the Township meeting building. The note will be repaid in annual installments of \$5,758.48, for principal and any interest accrued on the outstanding balance at 3.5%.

Amortization

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

Year Ending December 31:	Loan: Tractor	Loan: Repairs
2019	\$ 7,833	\$ 5,758
2020	-	5,758
2021	-	5,758
2022	-	5,758
2023	-	5,758
Total	\$ 7,833	\$ 28,790

Note 11 – Contingent Liabilities

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.

**CLINTON TOWNSHIP
VINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 9,244	\$ 69,295	\$ 78,539
Intergovernmental	12,617	107,639	120,256
Earnings on Investments	63	35	98
Miscellaneous	19,615	2,590	22,205
<i>Total Cash Receipts</i>	<u>41,539</u>	<u>179,559</u>	<u>221,098</u>
Cash Disbursements			
Current:			
General Government	17,283	58,312	75,595
Public Works	-	63,933	63,933
Health	-	14,406	14,406
Debt Service:			
Principal Retirement	-	7,133	7,133
Interest and Fiscal Charges	-	700	700
<i>Total Cash Disbursements</i>	<u>17,283</u>	<u>144,484</u>	<u>161,767</u>
<i>Excess of Receipts Over Disbursements</i>	<u>24,256</u>	<u>35,075</u>	<u>59,331</u>
Other Financing Receipts			
Sale of Capital Assets	2,000	-	2,000
<i>Total Other Financing Receipts</i>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>26,256</u>	<u>35,075</u>	<u>61,331</u>
<i>Fund Cash Balances, January 1 (Restated - See Note 12)</i>	<u>99</u>	<u>53,273</u>	<u>53,372</u>
Fund Cash Balances, December 31			
Restricted	-	76,542	76,542
Committed	-	11,806	11,806
Unassigned	26,355	-	26,355
<i>Fund Cash Balances, December 31</i>	<u>\$ 26,355</u>	<u>\$ 88,348</u>	<u>\$ 114,703</u>

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

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Clinton Township, Vinton County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, maintenance of Township roads and bridges, and maintenance of cemeteries. The Township contracts with Hamden Fire Department to provide fire services.

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Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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Fund Accounting

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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:

Gasoline Tax Fund – The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund – The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund – This fund receives personal property tax money for maintaining and repairing Township roads and bridges.

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

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 (D). 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 (D) 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.

A summary of 2017 budgetary activity appears in Note 4.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$933 for the year ended December 31, 2017. Also contrary to Ohio law, appropriations exceeded estimated resources in all Special Revenue Funds by \$47,819 for the year ended December 31, 2017.

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 39,334	\$ 43,539	\$ 4,205
Special Revenue	105,881	179,559	73,678
Total	\$ 145,215	\$ 223,098	\$ 77,883

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 16,824	\$ 17,757	\$ (933)
Special Revenue	219,151	146,340	72,811
Total	\$ 235,975	\$ 164,097	\$ 71,878

Note 5 – Deposits and Investments

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

	2017
Demand deposits	\$ 113,203
Certificates of deposit	1,500
Total deposits	\$ 114,703

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – 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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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

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

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 7 - Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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 coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2017, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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, 2017.

	2017
Assets	\$ 40,010,732
Liabilities	8,675,465
Net Position	\$ 31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 7 - Risk Management (Continued)

Financial Position (Continued)

2017 Contributions to OTARMA
\$5,155

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, 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. OPERS contributes 1 percent of the employer contribution to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2017, was as follows:

	Principal	Interest Rate
Loan: Tractor	\$ 14,952	3.0%

The Township obtained a note in 2012 in the amount of \$48,494 to finance the purchase of a tractor. The tractor collateralized the note.

CLINTON TOWNSHIP
VINTON COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 10 – Debt (Continued)

Amortization

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

Year Ending December 31:	Loan: Tractor
2018	\$ 7,833
2019	7,833
Total	<u>\$ 15,666</u>

Note 11 – Contingent Liabilities

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.

Note 12 – Restatement of Prior Period Fund Balances

The Township's fund cash balances at January 1, 2017 in the General Fund and Special Revenue Funds have been restated for adjustments to void outstanding items from prior periods. These adjustments resulted in the following changes in fund balances at January 1, 2017:

	General Fund	Special Revenue Funds	
Fund Balances at December 31, 2016 as Previously Reported	\$ (2,012)	\$ 49,369	
Adjustment for voided check	1,497	-	
Adjustment to void old outstanding EFTs	614	3,904	
Fund Balances January 1, 2017 as Restated	\$ 99	\$ 53,273	



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

September 25, 2019

Clinton Township
Vinton County
P.O. Box 44
Hamden, Ohio 45634

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Clinton Township**, Vinton County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated September 25, 2019, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion on the non-payroll disbursements in 2017 because the Township did not maintain adequate supporting documentation.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2018-001 through 2018-006 described in the accompanying schedule of audit findings to be material weaknesses.

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Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2018-007 described in the accompanying schedule of audit findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2018-002 through 2018-008.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

CLINTON TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Township's activity. The Township should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements. The Fiscal Officer did not always accurately post receipts and disbursements to the Township's accounting system.

These errors were a result of inadequate policies and procedures in reviewing the financial statements. The following posting errors were noted:

- Property tax rollback receipts were not properly allocated between the General, Road and Bridge, Cemetery, and Fire District Funds and were posted as Property and Other Taxes instead of Intergovernmental in 2018 and 2017;
- A personal property tax receipt was not properly allocated between the General, Road and Bridge, Cemetery, and Fire District Funds in 2018;
- Engineer grants received were incorrectly classified as Miscellaneous instead of Intergovernmental in the Road and Bridge Fund in 2018 and 2017;
- Sales of vehicles and a building were incorrectly classified as Miscellaneous instead of Sale of Capital Assets in the General Fund in 2018 and 2017;
- The sale of a building was recorded at net instead of gross in the General Fund in 2018;
- Debt proceeds were incorrectly classified as Miscellaneous instead of Other Debt Proceeds in the General Fund in 2018;
- Debt payments were not properly allocated between principal and interest in the Road and Bridge Fund in 2018 and 2017;
- Health care reimbursements were not properly allocated in accordance with payroll certifications to the General, Gasoline Tax, and Cemetery Funds in 2017;
- EFT payments were recorded in UAN to the IRS, State Department of Taxation, and OPERS when the actual payments were never made, affecting the General, Gasoline Tax, and Cemetery Funds in 2018 and 2017. An adjustment was also made for outstanding EFTs from 2016;
- Unposted activity for Fiscal Year 2017 was entered as a fund balance adjustment in 2018 instead of being entered in the proper period, affecting all funds in 2017;
- The Road and Bridge Fund balance was classified as Restricted when it should have been classified as Committed in 2018 and 2017; and
- A portion of the General Fund balance representing outstanding encumbrances should have been classified as Assigned instead of Unassigned in 2018.

We also noted that the Township did not always enter all receipts and disbursements into their accounting system timely.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjusting entries. The financial statements reflect all reclassifications and adjustments. The Township has posted all adjustments to its accounting system.

CLINTON TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

The following reclassifications were inconsequential to the overall financial statements of the Township for December 31, 2018 and 2017 and were not posted to the financial statements or ledgers:

- Property tax receipts were posted at Net instead of Gross in the General, Road and Bridge, Cemetery, and Fire District Funds in 2018 and 2017;
- A personal property tax receipt was incorrectly classified as Intergovernmental instead of Property and Other Taxes in the Road and Bridge and Cemetery Funds in 2018;
- Two local government receipts were incorrectly classified as Property and Other Taxes instead of Intergovernmental in the General Fund in 2018; and
- A portion of the General Fund balance representing outstanding encumbrances should have been classified as Assigned instead of Unassigned in 2017.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2018-002

Material Weakness/Noncompliance

Ohio Rev. Code § 149.351 prohibits the destruction or damage of public records. This section states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided under § 149.38 to 149.42 of the Revised Code. Those records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, destroyed, mutilated, or transferred unlawfully.

We noted that the prior Fiscal Officer did not provide a complete set of records to the successor Fiscal Officer.

The Township was unable to provide the following documents requested for audit:

- Voucher packets (including invoices) for the months of January through October in 2017;
- Voucher packets (including invoices) for checks 10920 and 11047 (7% of checks tested) in 2018;
- Timesheets for three employee pays (37.5% of employee pays tested) in 2017;
- Meeting minutes for one month in 2018 and 3 months in 2017; and
- Health care reimbursement support for two Trustees and the prior Fiscal Officer for January 2017.

CLINTON TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-002 (Continued)

Material Weakness/Noncompliance (Continued)

Ohio Rev. Code § 149.351 (Continued)

Failure to maintain invoices to support payments, timesheets, meeting minutes, and health care reimbursement support could result in errors or irregularities in occurring and remaining undetected.

The Township should maintain supporting documentation for all expenditures (including payroll) and receipts. Additionally, we recommend that records of all legislative activity (minutes and resolutions) be maintained as required.

Officials' Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2018-003

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. **Ohio Rev. Code § 5705** deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources; and
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeding appropriations).

In addition, the Township did not have a control procedure in place to ensure that estimated receipts, as authorized by the Board of Trustees and approved by the County Budget Commission, were reconciled to the estimated receipts posted to the accounting system in 2017.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparisons of budgeted amounts versus actual amounts was not accurate. We recommend the Township implement procedures to ensure estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the Budget Commission after each amendment.

The Board should review the requirements of Ohio Rev. Code § 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections. We recommend the Township establish a procedure to ensure the budget is monitored adequately so that expenditures do not exceed appropriation authority and appropriations do not exceed estimated resources.

Officials' Response – We did not receive a response from Officials to this finding.

CLINTON TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-004

Material Weakness/Noncompliance

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 82% of the expenditures tested for 2018. Due to lack of support, expenditures could not be tested for 2017.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

CLINTON TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-004 (Continued)

Material Weakness/Noncompliance (Continued)

To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

Officials' Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2018-005

Material Weakness/Noncompliance

Ohio Admin Code § 117-2-01(D)(3) and (5) provide that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Monthly reconciliations were not performed by the Fiscal Officer in a timely manner. For 2018, the reconciliations for January through March were not completed until May 11, 2018, the reconciliations for April through November were not completed until January 2, 2019 and the reconciliation for December was not completed until April 5, 2019. For 2017, the reconciliations for January and February were not completed until October 27, 2017, the reconciliations for March through November were not completed until January 8, 2018 and the reconciliation for December was not completed until March 9, 2018.

We noted there were a number of outstanding electronic payments to the IRS, Ohio Department of Taxation, and OPERS that never cleared the bank. As noted in Finding Number 2018-001, the financial statements have been adjusted to remove this activity from the accounting system.

The Fiscal Officer should perform a monthly reconciliation to timely detect errors. In addition, the Fiscal Officer should enter payments and receipts into the UAN system in a timely manner. Furthermore, the Fiscal Officer should periodically evaluate outstanding checks to ensure that they should still be reported as outstanding.

Officials' Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2018-006

Material Weakness/Noncompliance

26 U.S.C. § 3402 requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year.

CLINTON TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-006 (Continued)

Material Weakness/Noncompliance (Continued)

26 U.S.C. § 3402 and Ohio Rev. Code § 5747.06 (Continued)

In addition, **Ohio Rev. Code § 5747.06** requires every employer maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a reasonable estimate of the amount of state income tax which will be due.

The former Fiscal Officer did not submit the Form 941 quarterly reports as required by the IRS for the first and last quarters of 2018 and did not file any 941s in 2017. The prior Fiscal Officer also did not remit any Federal withholdings in 2018 or 2017. The IT 501 reports as required by the State of Ohio were also not submitted for July through December in 2018 and for July through December in 2017. State withholdings were not remitted for the months not filed. As of December 31, 2018, the Township is behind on paying its Federal and State withholdings. As a result of these issues, \$904 in penalties and interest has been paid to the IRS and \$1,030 in penalties and interest has been paid to the Ohio Department of Taxation.

We recommend the Fiscal Officer follow up with the IRS and the State Department of Taxation to ensure that contributions are up to date. We also recommend the Fiscal Officer remit the required amounts and file the required reports when completing the last payroll of each quarter to avoid accrual of interest and penalties.

Officials' Response – We did not receive a response from Officials to this finding.

FINDING NUMBER 2018-007

Significant Deficiency/Noncompliance

Ohio Rev. Code § 145.47 states the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the public employees retirement system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions within thirty days after the last day of such reporting period. **Ohio Rev. Code § 145.48** states, in part, each employer shall pay to the public employees retirement system an amount that shall have a certain percent of the earnable salary of all contributors to be known as the “employer contribution.”

The Township did not submit the monthly OPERS reports for five months in 2018 and seven months in 2017 timely. This resulted in the Township owing and paying OPERS late filing fees. The Township also underreported gross salaries and, therefore, contributions in 2018. The Township over-reported gross salaries for some employees and underreported gross salaries for other employees, resulting in a net overpayment in 2017. As of December 31, 2018, all reports have been submitted; however, the reporting issues noted above have not been corrected. As a result of the late filings, \$185 in penalties and interest has been paid to OPERS.

We recommend the Fiscal Officer follow up with OPERS to fix the errors noted above and to ensure that contributions are up to date. We also recommend the Fiscal Officer take the care necessary to ensure OPERS contributions are being remitted timely and in the correct amount to avoid accrual of interest and penalties.

Officials' Response – We did not receive a response from Officials to this finding.

CLINTON TOWNSHIP
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-008

Noncompliance

Ohio Rev. Code § 505.262(A) authorizes a board of township trustees to issue notes of the township to finance installment payment purchases of equipment, buildings, and sites for any lawful township purpose. All notes issued shall be pursuant to Ohio Rev. Code § 133.20. Furthermore, the Attorney General has opined that Ohio Rev. Code § 505.262(A) does not grant explicitly or implicitly the authority of the township to grant a security interest in the property purchased by the installment contract. See 1996 Op. Atty Gen. No. 1996-048.

In 2018, the Township signed a promissory note in the amount of \$26,000 (with an outstanding balance at December 31, 2018 of \$26,000) with the Vinton County National Bank to fund Township building repairs. This type of debt does not meet the criteria for any of the debt allowed in the Ohio Revised Code Chapter 133. The Ohio Revised Code contains various methods of incurring debt for townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for townships. The Board of Trustees should authorize only the issuance of notes pursuant to Ohio Rev. Code § 133.20.

We recommend the Board of Trustees review Ohio Rev. Code § 133.20 and only incur debt that is of an allowable type.

Officials' Response – We did not receive a response from Officials to this finding.

**CLINTON TOWNSHIP
VINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Rev. Code § 505.262(A) – Unallowable Debt	Not Corrected	Reissued as Finding 2018-008
2016-002	Ohio Rev. Code § 5705.10(I) – Deficit Fund Balance	Fully Corrected	N/A
2016-003	Ohio Rev. Code § 5705.39 – Appropriations Exceeding Estimated Resources	Not Corrected	Reissued as Finding 2018-003
2016-004	Ohio Rev. Code § 5705.41(B) – Expenditures Exceeding Appropriation Authority	Not Corrected	Reissued as Finding 2018-003
2016-005	Ohio Rev. Code § 5705.41(D) – Certificate of Fiscal Officer	Not Corrected	Reissued as Finding 2018-004
2016-006	Ohio Admin. Code § 117-2-01(D)(3) and (5) – Timely Reconciliations and Postings	Not Corrected	Reissued as Finding 2018-005
2016-007	Ohio Admin. Code § 117-2-02(C)(1) – Posting Estimated Receipts and Appropriations	Not Corrected	Reissued as Finding 2018-003
2016-008	Ohio Admin. Code § 117-2-02(A) – Financial Reporting	Not Corrected	Reissued as Finding 2018-001
2016-009	Advance Approval and Unallowable Advances	Fully Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



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
DECEMBER 5, 2019