

**Clinton Township**  
Wayne County, Ohio

**Regular Audit**

For the Years Ended December 31, 2003 - 2002





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Clinton Township, Wayne County  
465 W. Liberty St.  
Shreve, OH 44676

We have reviewed the Independent Auditor's Report of Clinton Township, Wayne County, prepared by Knox & Knox CPAs, for the audit period January 1, 2002 through December 31, 2003. 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.

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, Wayne County is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 19, 2004

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CLINTON TOWNSHIP  
WAYNE COUNTY, OHIO

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Accountants and Consultants

**Report of Independent Accountants**

Clinton Township  
Wayne County  
205 E. McConkey Street  
Shreve, OH 44676

To the Board of Trustees:

We have audited the accompanying financial statements of the Clinton Township, Wayne County, Ohio, (the Township) as of and for the years ended December 31, 2003 and December 31, 2002. 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 and reserves for encumbrances of the Township as of December 31, 2003 and 2002, 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 July 6, 2004 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Knox & Knox

Orrville, Ohio  
July 6, 2004

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CLINTON TOWNSHIP  
WAYNE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<b>Cash Receipts:</b>				
Local Taxes	\$ 36,181	\$ 98,710		\$134,891
Intergovernmental	46,017	79,449		125,466
Special Assessments			\$ 77	77
Charges for Services		4,750		4,750
Earnings on Investments	1,551	433		1,984
Other Revenue	8,810	8,868		17,678
<b>Total Cash Receipts</b>	<b>92,559</b>	<b>192,210</b>	<b>77</b>	<b>284,846</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	73,386			73,386
Public Safety	300	35,975		36,275
Public Works		148,805	71	148,876
Health	6,886	-0-		6,886
Capital Outlay	120	5,205		5,325
<b>Total Cash Disbursements</b>	<b>80,692</b>	<b>189,985</b>	<b>71</b>	<b>270,748</b>
<b>Total Cash Receipts Over/(Under)</b>				
Cash Disbursements	11,867	2,225	6	14,098
Fund Cash Balances, January 1	90,085	166,410	186	256,681
Fund Cash Balances, December 31	\$ 101,952	\$ 168,635	\$ 192	\$ 270,779
<b>Reserves for Encumbrances,</b> December 31	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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

CLINTON TOWNSHIP  
WAYNE COUNTY

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

	Governmental Fund Types			Total
	General	Special Revenue	Capital Projects	(Memorandum Only)
<b>Cash Receipts:</b>				
Local Taxes	\$ 31,220	\$ 87,847		\$ 119,067
Intergovernmental	34,682	75,799		110,481
Special Assessments			\$ 77	77
Charges for Services		4,750		4,750
Earnings on Investments	2,564	839		3,403
Other	1,890	6,573		8,463
Total Cash Receipts	70,356	175,808	77	246,241
<b>Cash Disbursements:</b>				
Current:				
General Government	72,137			72,137
Public Safety	150	35,652		35,802
Public Works		164,031	71	164,102
Health	12,294			12,294
Capital Outlay	71	6,564		6,635
Total Cash Disbursements	84,652	206,247	71	290,970
<b>Total Cash Receipts Over/(Under)</b>				
Cash Disbursements	<14,296>	<30,439>	6	<44,729>
Fund Cash Balances, January 1	104,381	196,849	180	301,410
Fund Cash Balances, December 31	\$ 90,085	\$166,410	\$ 186	\$ 256,681
Reserves for Encumbrances, December 31	\$ 0	\$ 0	\$ 0	\$ 0

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

CLINTON TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

1. Summary of Significant Accounting Policies

A. Description of the Entity

Clinton Township, Wayne 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 roads and bridge maintenance and fire protection. The Township contracts with the Western Holmes Fire District to provide fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township maintains all cash in checking and savings accounts.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

*Road and Bridge Fund* - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

*Gasoline Tax Fund* - This fund receives gasoline tax money to construct, maintain, and repair Township roads.

*Fire Levy Fund* - This fund receives real estate and property taxes, and intergovernmental receipts to provide fire protection to Township residents.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township has the following significant capital projects fund:

*Lighting Assessment Fund* - This fund receives assessments from the County Auditor for lighting contracts.

CLINTON TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

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 cancelled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

G. 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.

2. Equity in Pooled Cash

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:

	<u>2003</u>	<u>2002</u>
Dem and deposits	\$ 270,779	\$ 256,681

Deposits:

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

CLINTON TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follow:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 84,464	\$ 92,559	\$ 8,095
Special Revenue	183,520	192,210	8,690
Capital Projects	77	77	-0-
Total	<u>\$ 268,061</u>	<u>\$ 284,846</u>	<u>\$ 16,785</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 174,549	\$ 80,692	\$ 93,857
Special Revenue	349,927	189,985	159,942
Capital Projects	262	71	191
Total	<u>\$ 524,738</u>	<u>\$ 270,748</u>	<u>\$ 253,990</u>

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 85,106	\$ 70,356	<\$ 14,750>
Special Revenue	176,585	175,808	< 777>
Capital Projects	77	77	-0-
Total	<u>\$ 261,768</u>	<u>\$ 246,241</u>	<u>&lt;\$ 15,527&gt;</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 189,486	\$ 84,652	\$ 104,834
Special Revenue	373,430	206,247	167,183
Capital Projects	256	71	185
Total	<u>\$ 563,172</u>	<u>\$ 290,970</u>	<u>\$ 272,202</u>

CLINTON TOWNSHIP  
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Retirement Systems

The Township's 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 post-retirement 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 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

6. Risk Management

The Township has obtained commercial insurance for the following risks:

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

# KNOX & KNOX

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Accountants and Consultants

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

Clinton Township  
Wayne County  
205 E McConkey Street  
Shreve, OH 44676

To the Board of Trustees:

We have audited the financial statements of the Clinton Township, Wayne County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 6, 2004. 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 is required to be reported under *Government Auditing Standards*.

### 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 a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 6, 2004.

Clinton Township  
Wayne County  
Report of Independent Accountants on Compliance and Internal  
Control Required by *Government Auditing Standards*  
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This report is intended for the information of the audit committee, management, and the Board of Trustees, and should not be used by anyone other than these specified parties.

Knox & Knox

Orrville, Ohio  
July 6, 2004





**Auditor of State  
Betty Montgomery**

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**CLINTON TOWNSHIP**

**WAYNE 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  
AUGUST 31, 2004**