



**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2017-2016**



**CLINTON TOWNSHIP  
FRANKLIN COUNTY  
DECEMBER 31, 2017 AND 2016**

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## INDEPENDENT AUDITOR'S REPORT

Clinton Township  
Franklin County  
3820 Cleveland Avenue  
Columbus, Ohio 43224

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, Franklin County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

### ***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.

***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 *Opinion on Regulatory Basis of Accounting* paragraph 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, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

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

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, Franklin County, Ohio as of December 31, 2017 and 2016, and for the years 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.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, during 2016, the Township restated January 1, 2016 General and Special Revenue fund balances for accounting changes made as a result of prior period reconciling issues being resolved. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

October 18, 2019

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CLINTON TOWNSHIP, FRANKLIN 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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$33,574	\$2,467,333	\$0	\$2,500,907
Charges for Services	0	752,710	0	752,710
Licenses, Permits and Fees	59,197	0	0	59,197
Fines and Forfeitures	0	25,522	0	25,522
Intergovernmental	2,998,272	453,928	0	3,452,200
Earnings on Investments	34,330	367	0	34,697
Miscellaneous	29,993	75,516	8,969	114,478
<i>Total Cash Receipts</i>	<u>3,155,366</u>	<u>3,775,376</u>	<u>8,969</u>	<u>6,939,711</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,383,690	0	0	1,383,690
Public Safety	107,272	2,884,681	0	2,991,953
Public Works	11,999	507,314	0	519,313
Health	16,943	0	0	16,943
Conservation-Recreation	8,300	0	0	8,300
Capital Outlay	474,591	0	2,779,706	3,254,297
Debt Service:				
Principal Retirement	191,800	0	0	191,800
Interest and Fiscal Charges	60,672	0	0	60,672
<i>Total Cash Disbursements</i>	<u>2,255,267</u>	<u>3,391,995</u>	<u>2,779,706</u>	<u>8,426,968</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>900,099</u>	<u>383,381</u>	<u>(2,770,737)</u>	<u>(1,487,257)</u>
<b>Other Financing Receipts</b>				
Sale of Capital Assets	0	15,651	0	15,651
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>15,651</u>	<u>0</u>	<u>15,651</u>
<i>Net Change in Fund Cash Balances</i>	900,099	399,032	(2,770,737)	(1,471,606)
<i>Fund Cash Balances, January 1</i>	<u>\$3,705,765</u>	<u>\$2,801,924</u>	<u>\$3,250,000</u>	<u>\$9,757,689</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	3,200,956	479,263	3,680,219
Assigned	3,913,522	0	0	3,913,522
Unassigned	692,342	0	0	692,342
<i>Fund Cash Balances, December 31</i>	<u>4,605,864</u>	<u>3,200,956</u>	<u>479,263</u>	<u>8,286,083</u>

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

## Clinton Township of Franklin County Ohio

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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### **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Clinton Township, Franklin County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, police protection, code enforcement, building inspections, fire protection and emergency medical services.

#### ***Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in a jointly governed organization and public entity risk pools. The jointly governed organization is the Clinton-Grandview Heights Joint Economic Development Zone (the JEDZ), and the public entity risk pools are the Ohio Township Association Risk Management Authority and Ohio Municipal League Group Rating Plan. Notes 10, 6, and 11 to the financial statements provide additional information for these entities.

### **Note 2 - Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

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

#### ***Fund Accounting***

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

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

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

***Police District Fund*** The Police tax fund accounts for and reports the portion of property tax money restricted for Police protection within and near the Township.

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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**Fire District Fund** The Fire tax fund accounts for and reports the portion of property tax money restricted for Fire protection within and near the Township.

**Fire and Rescue, Ambulance and EMS Services Fund** The EMS fund accounts for and reports money received for furnishing EMS services that is restricted for Township fire and rescue services.

**Capital Project Fund** This fund accounts for and reports resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

**Bond Fund** The Township issued a bond in 2016 for the purpose of financing the construction of a new building. The proceeds are restricted for capital improvement.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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***

**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. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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A summary of 2017 budgetary activity appears in Note 3.

***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.

The Township values negotiable certificates of deposit and US Treasury notes at cost.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

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

***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.

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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 – Budgetary Activity**

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,953,663	\$3,155,366	\$201,703
Special Revenue	3,603,623	3,791,027	187,404
Capital Projects	0	8,969	8,969
Total	\$6,557,286	\$6,955,362	\$398,076

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,607,544	\$2,623,825	\$3,983,719
Special Revenue	4,996,279	3,521,835	1,474,444
Capital Projects	3,032,437	2,779,706	252,731
Total	\$14,636,260	\$8,925,366	\$5,710,894

**Note 4 – 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:

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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	2017
Demand deposits	<u>\$4,957,239</u>
Total deposits	<u>4,957,239</u>
Negotiable Certificates of Deposit	2,333,984
US Treasury Notes	994,860
Total investments	<u>3,328,844</u>
Total deposits and investments	<u>\$8,286,083</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial Institution's public entity deposit pool.

***Investments***

The Federal Reserve holds the Township's U.S. Treasury Notes and Negotiable Certificates of Deposit in book-entry form by, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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

**Note 6 - 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.

## Clinton Township of Franklin County Ohio

### *Notes to the Financial Statements For the Year Ended December 31, 2017*

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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.

	<b><u>2017</u></b>
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 \$28,000.

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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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.

<b><u>Contributions to OTARMA</u></b>
<b><u>2017</u></b>
\$63,872

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 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Thirty 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% of participants' gross salaries. The 10 Full Time Police members of OPERS contributed 13% of their gross salaries and the Township contributed an amount equaling 18.10% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

Seven employees at the Township are certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2017.



**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

Several of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer 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 1% during calendar year 2017. OP&F contributes 0.5% to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$2,870,100	1.99%
Total	<u>\$2,870,100</u>	

The Township issued a general obligation bond in summer of 2016 for \$3,250,000.00 for the purpose of helping the township pay for new buildings at 3820 Cleveland Ave. in Columbus Ohio. It is scheduled to be fully paid back over 15 years ending in the year 2030. The Township's taxing authority collateralized the bond. The bond covenant requires the Township to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2017 was \$479,263.

**Amortization**

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

Year ending December 31:	General Obligation Bonds
2018	252,715
2019	252,723
2020	252,753
2021	252,803
2022	252,672
2023-2027	1,263,776
2028-2030	758,204
Total	<u>\$3,285,646</u>

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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**Note 10 – Jointly Governed Organization Clinton-Grandview Heights Joint Economic Development Zone**

Clinton Township and the City of Grandview Heights (the City), entered into a contract to establish the Clinton-Grandview Heights Joint Economic Development Zone (JEDZ), to facilitate new and expanded growth for commercial and economic development within the JEDZ and the State. The agreement became effective November 5<sup>th</sup>, 2013, and will terminate on December 31<sup>st</sup> 2043. The JEDZ is administered by a six member Board consisting of three members appointed by the Township and three members appointed by the City for a term of two years. The JEDZ may sue and be sued, and has the power to enter into contracts for the provision of services within the JEDZ. The Board is allocated 2% of the net revenues for services and obligations each calendar year and may not spend more than the accumulated balance of 2% of the allocated net revenues for services and obligations. Upon the termination or nonrenewal of this contract, the JEDZ Board shall continue to exist for the sole purpose of winding up the business affairs of the JEDZ, collecting outstanding JEDZ income tax, and liquidating any property and assets of the JEDZ. Upon dissolution, funds and assets remaining will be divided 80% to the township and 20% to the City.

**Note 11 – Public Entity Risk Pool**

The Township participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

CLINTON TOWNSHIP, FRANKLIN COUNTY

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

For the Year Ended December 31, 2016

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$26,865	\$1,565,826	\$0	\$1,592,691
Charges for Services	0	726,638	0	726,638
Licenses, Permits and Fees	29,920	0	0	29,920
Fines and Forfeitures	0	22,143	0	22,143
Intergovernmental	2,884,482	507,382	0	3,391,864
Earnings on Investments	23,408	331	0	23,739
Miscellaneous	30,624	22,688	0	53,312
<i>Total Cash Receipts</i>	<u>2,995,299</u>	<u>2,845,008</u>	<u>0</u>	<u>5,840,307</u>
<b>Cash Disbursements</b>				
Current:				
General Government	1,253,873	0	0	1,253,873
Public Safety	129,343	2,546,186	0	2,675,529
Public Works	16,819	374,393	0	391,212
Health	7,156	0	0	7,156
Conservation-Recreation	8,209	0	0	8,209
Capital Outlay	768,918	0	0	768,918
Debt Service:				
Principal Retirement	188,100	0	0	188,100
Interest and Fiscal Charges	29,463	0	0	29,463
<i>Total Cash Disbursements</i>	<u>2,401,881</u>	<u>2,920,579</u>	<u>0</u>	<u>5,322,460</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>593,418</u>	<u>(75,571)</u>	<u>0</u>	<u>517,847</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Bonds	0	0	3,250,000	3,250,000
Sale of Capital Assets	0	6,500	0	6,500
Transfers In	0	157,674	0	157,674
Transfers Out	(157,674)	0	0	(157,674)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(157,674)</u>	<u>164,174</u>	<u>3,250,000</u>	<u>3,256,500</u>
<i>Net Change in Fund Cash Balances</i>	435,744	88,603	3,250,000	3,774,347
<i>Fund Cash Balances, January 1, as restated</i>	<u>\$3,270,021</u>	<u>\$2,713,321</u>	<u>\$0</u>	<u>\$5,983,342</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	2,801,924	3,250,000	6,051,924
Assigned	4,144,232	0	0	4,144,232
Unassigned	(438,467)	0	0	(438,467)
<i>Fund Cash Balances, December 31</i>	<u>3,705,765</u>	<u>2,801,924</u>	<u>3,250,000</u>	<u>9,757,689</u>

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

## Clinton Township of Franklin County Ohio

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

---

### **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Clinton Township, Franklin County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, police protection, code enforcement, building inspections, fire protection and emergency medical services.

#### ***Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in a jointly governed organization and public entity risk pools. The jointly governed organization is the Clinton-Grandview Heights Joint Economic Development Zone (the JEDZ), and the public entity risk pools are the Ohio Township Association Risk Management Authority and Ohio Municipal League Group Rating Plan. Notes 10, 6, and 11 to the financial statements provide additional information for these entities.

### **Note 2 - Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

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

#### ***Fund Accounting***

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

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

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

***Police District Fund*** The Police tax fund accounts for and reports the portion of property tax money restricted for police protection and enforcement within and near the Township.

## Clinton Township of Franklin County Ohio

### *Notes to the Financial Statements For the Year Ended December 31, 2016*

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**Fire District Fund** The Fire tax fund accounts for and reports the portion of property tax money restricted for fire protection within and near the Township.

**Fire and Rescue, Ambulance and EMS Services Fund** The EMS fund accounts for and reports money received for furnishing EMS services that is restricted for Township fire and emergency medical services.

**Capital Project Fund** This fund accounts for and reports financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

**Bond Fund** The Township issued a bond in 2016 for the purpose of financing the construction of a new building. The bond proceeds are restricted for capital improvement.

#### ***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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***

**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. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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A summary of 2016 budgetary activity appears in Note 3.

***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.

The Township values negotiable certificates of deposit at cost.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

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

***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.

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

**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 – Budgetary Activity**

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,912,268	\$2,995,299	\$83,031
Special Revenue	3,105,833	3,009,182	(96,651)
Capital Projects	3,250,000	3,250,000	0
Total	<u>\$9,268,101</u>	<u>\$9,254,481</u>	<u>(\$13,620)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,152,622	\$3,049,906	\$3,102,716
Special Revenue	4,793,892	2,920,579	1,873,313
Capital Projects	3,250,000	0	3,250,000
Total	<u>\$14,196,514</u>	<u>\$5,970,485</u>	<u>\$8,226,029</u>

**Note 4 – 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:

Demand deposits	<u>2016</u> \$6,950,137
Negotiable Certificates of Deposit	2,807,552
Total deposits and investments	<u>\$9,757,689</u>

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial Institution's public entity deposit pool.

***Investments***

The Federal Reserve holds the Township's Negotiable Certificates of Deposit in book-entry form by, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

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

**Note 6 - 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.



**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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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, 2016, 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, 2016.

	<b><u>2016</u></b>
Assets	\$35,970,263
Liabilities	8,912,432
Net Position	\$30,229,143

At December 31, 2016 the liabilities include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$27,000.

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.

<b><u>Contributions to OTARMA</u></b>
<b><u>2016</u></b>
\$58,866.00

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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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 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Thirty 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% of participants' gross salaries. The 10 Full Time Police members of OPERS contributed 13% of their gross salaries and the Township contributed an amount equaling 18.10% of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

***Ohio Police and Fire Retirement System***

7 employees at the Township are certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time full-time fire fighters' wages, respectively. The Township has paid all contributions required through December 31, 2016.

Several of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2% of their gross salaries. The Township contributed an amount equal to 6.2% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer 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 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$3,061,900	1.99%

The Township issued a general obligation bond in summer of 2016 for \$3,250,000.00 for the purpose of helping the township pay for new buildings at 3820 Cleveland Ave. in Columbus Ohio. It is scheduled to be fully paid back over 15 years ending in the year 2030. The Township’s taxing authority collateralized the bond. The bond covenant requires the Township to establish a bond fund, included as a capital projects fund. The balance in the fund at December 31, 2016 is \$3,350,000.

***Amortization***

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

Year ending December 31:	<u>General Obligation Bonds</u>
2017	\$252,732
2018	252,715
2019	252,723
2020	252,753
2021	252,803
2022-2026	1,263,692
2027-2030	1,010,960
Total	<u>\$3,538,378</u>

**Clinton Township of Franklin County Ohio**

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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**Note 10 – Jointly Governed Organization Clinton-Grandview Heights Joint Economic Development Zone**

Clinton Township and the City of Grandview Heights (the City), entered into a contract to establish the Clinton-Grandview Heights Joint Economic Development Zone (JEDZ), to facilitate new and expanded growth for commercial and economic development within the JEDZ and the State. The agreement became effective November 5<sup>th</sup>, 2013, and will terminate on December 31<sup>st</sup> 2043. The JEDZ is administered by a six member Board consisting of three members appointed by the Township and three members appointed by the City for a term of two years. The JEDZ may sue and be sued, and has the power to enter into contracts for the provision of services within the JEDZ. The Board is allocated 2 percent of the net revenues for services and obligations each calendar year and may not spend more than the accumulated balance of 2 percent of the allocated net revenues for services and obligations. Upon the termination or nonrenewal of this contract, the JEDZ Board shall continue to exist for the sole purpose of winding up the business affairs of the JEDZ, collecting outstanding JEDZ income tax, and liquidating any property and assets of the JEDZ. Upon dissolution, funds and assets remaining will be divided 80 percent to the township and 20 percent to the City.

**Note 11 – Public Entity Risk Pool**

The Township participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 12– Restatement**

Fund balances at January 1, 2016 were restated as shown below for accounting changes made by the Township as a result of prior period reconciling issues being resolved.

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Fund Balance January 1, 2016, as Previously Reported	\$3,644,448	\$2,573,106	\$6,217,554
Adjustments from Reconciliation	<u>(374,427)</u>	<u>140,215</u>	<u>(234,212)</u>
Fund Balance at January 1, 2016, Restated	<u>\$3,270,021</u>	<u>\$2,713,321</u>	<u>\$5,983,342</u>



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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**

Clinton Township  
Franklin County  
3820 Cleveland Avenue  
Columbus, Ohio 43224

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, Franklin County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated October 18, 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 also noted during 2016 the Township restated January 1, 2016 General and Special Revenue fund balances for accounting changes made as a result of prior period reconciling issues being resolved.

***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 opinions 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 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 2017-001 through 2017-004 described in the accompanying schedule of findings to be material weaknesses.

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 2017-005 described in the accompanying schedule of 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 findings as items 2017-001 and 2017-005.

***Township's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

October 18, 2019

CLINTON TOWNSHIP  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

**Incorrect Fund Posting of Transactions – Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** states, in part, except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code or as otherwise provided by section 3315.40 of the Revised Code, all revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

Due to lack of controls over the review of financial statement transactions, the Township posted revenues and expenditures to incorrect funds, as follows:

- \$22,660 of General Fund annexation agreement intergovernmental receipts were posted to Special Revenue funds in 2016.
- \$188,100 and \$29,463 of General Fund bond principal and interest payments, respectively, were posted to the Capital Projects Fund in 2016.
- \$348,365 of General Fund JEDZ intergovernmental receipts were posted to the Special Revenue Fund in 2016.
- \$30,206 of General Fund bond interest payments were posted to the Capital Projects Fund in 2017.

The adjustments have been accounted for in the accompanying December 31, 2017 and 2016 financial statements and have been posted to the Township's accounting ledgers.

Failure to post revenues and expenditures to the proper fund could result in restricted funds being spent for an unallowable purpose.

We recommend the Fiscal Officer take measures to ensure all revenues and expenditures are posted to the correct funds, which includes implementing controls over the review of financial information.

FINDING NUMBER 2017-002

**Financial Reporting - Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to the lack of internal controls in place to ensure receipts, expenditures, and fund balances are properly classified on the financial statements, the following adjustments were material to the Township's financial statements and were posted to the financial statements and applicable footnote disclosures for the years ended December 31, 2017 and 2016:

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-002 (Continued)**

Error Description	2016	2017
Reclassification of Property Tax Receipts to Intergovernmental Receipts	General Fund - \$23,925 Special Revenue - \$371,501	General Fund - \$52,683 Special Revenue – \$344,863
Reclassification of Miscellaneous Receipts to Intergovernmental Receipts in Special Revenue funds	\$4,731	
Reclassification of General Government Disbursements to Capital Outlay Disbursements in the General Fund	\$762,573	
Reclassification of Transfers-In to Licenses, Permits, and Fees Receipts in the General Fund	\$4,618	
Reclassification of Advances-in to Miscellaneous Receipts in Special Revenue funds	\$1,345	
Reclassification of Charges for Services Receipts to Miscellaneous Receipts in Special Revenue funds	\$20,194	\$72,197
Reclassification of Charges for Services Receipts to Intergovernmental Receipts in Special Revenue funds	\$36,793	\$20,528
Reclassification of Intergovernmental Receipts to Other Financing Receipts – Sale of Capital Assets in Special Revenue funds	\$6,500	
Reclassification of Miscellaneous Receipts to Licenses, Permits, and Fees in the General Fund		\$33,889
Reclassification of Charges for Services Receipts to Other Financing Receipts – Sale of Capital Assets in Special Revenue funds		\$15,651
Reclassification of Other Financing Receipts – Sale of Bonds to Miscellaneous Receipts in the Capital Projects fund		\$8,969
Reclassification of Unassigned Fund Balance to Assigned Fund Balance in the General Fund	\$3,700,880	\$3,619,812

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. By exercising accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of the financial data throughout the year.



**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

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

**FINDING NUMBER 2017-003**

**Accounting System Integration of Budgetary Information – Material Weakness**

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

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

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Certificate of Estimated Resources (and/or amendments thereof) were not properly posted to the accounting system. The Township’s budgetary information (estimated receipts) did not agree to the final Amended Certificate of Estimated Resources as follows:

**2016**

Fund	Estimated Receipts Filed with the County	Estimated Receipts from UAN	Variance
General Fund	\$2,562,914	\$2,521,064	\$41,850
Road and Bridge Fund	\$345,461	\$296,000	\$49,461
Fire District Fund	\$1,063,272	\$971,000	\$92,272

**2017**

Fund	Estimated Receipts Filed with the County	Estimated Receipts from UAN	Variance
General Fund	\$2,378,663	\$2,750,753	(\$372,090)
Motor Vehicle License Tax Fund	\$5,800	\$5,600	\$200
Gas Tax Fund	\$75,300	\$90,900	(\$15,600)
Road & Bridge Fund	\$332,765	\$334,111	(\$1,346)
Police District Fund	\$1,512,076	\$1,385,000	\$127,076
Fire District Fund	\$1,015,181	\$863,000	\$152,181
Permissive MVL Fund	\$36,000	\$34,500	\$1,500
Law Enforcement Fund	\$1,500	\$950	\$550
Ambulance & Emergency Medical Fund	\$625,000	\$715,000	(\$90,000)
JEDZ Fund	\$575,000	\$350,000	\$225,000

Failing to accurately post the estimated resources to the ledgers could result in overspending and negative cash balances.

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

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)**

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

**FINDING NUMBER 2017-004**

**Bank to Book Reconciliation – Material Weakness**

Sound accounting practices require 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.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

The Township performed monthly bank to book reconciliations. However, the Township posted unsupported adjustments to the ledgers in order to reconcile the fund balances per the accounting records to the bank account balances. As of December 31, 2016, the unsupported adjustments totaled \$46,999 in the General Fund and \$2,771 in the Special Revenue Fund. These items were adjusted from the financial statements.

Further, the Township made multiple adjustments to the ledgers through fund balance adjustments as they worked to get the bank to book reconciliation accurate. However, the Township did not properly reflect these fund balance changes in the beginning fund balance of the financial statements. Therefore, a restatement of beginning fund balance was needed as of January 1, 2016 to correctly reflect the fund balances of the Township, totaling \$374,427 in the General Fund and \$140,215 in the Special Revenue Fund.

The lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. This includes following up on outstanding checks and establishing a time period after which these checks are to be removed from the outstanding check list and a corresponding entry made to the accounting records.

CLINTON TOWNSHIP  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(Continued)

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

FINDING NUMBER 2017-005

**Interfund Transfers – Noncompliance and Significant Deficiency**

**Ohio Rev. Code § 5705.14** requires any transfer authorized by that section to be made through a resolution of the taxing authority passed by an affirmative vote of two-thirds of the members (except a simple majority is sufficient for transfers from the general fund).

In addition, Auditor of State Bulletin 97-003 indicates that in order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established; The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and must be approved by a formal resolution of the taxing authority of the subdivision. This resolution must include:

- a. A specific statement that the transaction is an advance of cash, and
- b. An indication of the money (fund) from which it is expected that repayment will be made.

The bulletin further states, that if, after an advance is made, the taxing authority determines the transaction should, in fact, be treated as a transfer, the necessary formal procedures for approval of the transfer should be completed.

Due to inadequate Board monitoring, during 2016 the Township made an inter-fund cash advance of \$157,674 from the General Fund to the Police District fund, which was reclassified under audit to a transfer as the intent of the transaction was a permanent movement of funds. However, there was no formal resolution approving the advance/transfer.

Failure to approve inter-fund advances/transfers via formal resolution limits the Board's ability to monitor the Township's financial activity and could result in funds being used for unallowable purposes.

We recommend the Board of Trustees approve all inter-fund activity via formal resolution.

**Officials' Response:** The Clinton Township Board of Trustees and Fiscal Officer appreciate the need for more controls. We will continue to work in a collaborative manner to better address the issues found during our 2016 and 2017 audit.



3820 Cleveland Avenue, Columbus, Ohio 43224

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017 and 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Payroll Processes – Noncompliance and Material Weakness	Fully Corrected	
2015-002	Use of Revenues – Noncompliance and Material Weakness	Not Corrected	Repeated as Finding 2017-001
2015-003	Minute Records – Noncompliance	Fully Corrected	
2015-004	Issuance of 1099's - Noncompliance	Partially Corrected	Issued as a Management Letter comment
2015-005	Accounting System Integration of Budgetary Information – Material Weakness	Not Corrected	Repeated as Finding 2017-003
2015-006 2012-003	Bank to Book Reconciliation – Material Weakness	Not Corrected	Repeated as Finding 2017-004
2015-007 2012-004	Financial Reporting – Material Weakness (first issued in 2007)	Not Corrected	Repeated as Finding 2017-002
2015-008	Timely Posting of Transactions – Material Weakness	Fully Corrected	

# OHIO AUDITOR OF STATE KEITH FABER



**CLINTON TOWNSHIP**

**FRANKLIN 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 31, 2019**