



Dave Yost • Auditor of State



CLINTON TOWNSHIP  
FRANKLIN COUNTY

DECEMBER 31, 2015, 2014 AND 2013

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2015 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2014 .....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2013 .....	5
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17
Summary Schedule of Prior Audit Findings .....	27

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# Dave Yost • Auditor of State

## 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, 2015, 2014 and 2013.

### ***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 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 adverse and qualified audit opinions.

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

As described in Note 1 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.

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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* 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, 2015, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

The Township's fund balances per their accounting records were not reconciled to the bank account balances throughout the audit period. During 2015, adjustments were made to reconcile the fund balances per the accounting records to the bank account balances. However, the Township was not able to provide sufficient appropriate audit evidence supporting the individual funds to which the adjustments were recorded as they related to years prior to the audit period; therefore, we could not gain assurance over beginning and ending fund cash balances at December 31, 2015, 2014 and 2013 or disbursements at December 31, 2015. Consequently, we were unable to determine whether any further 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 combined cash receipts and disbursements of Clinton Township, Franklin County, Ohio as of December 31, 2015, 2014 and 2013, 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 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2016, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 6, 2016

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 34,947	\$ 1,806,162	\$ -	\$ 1,841,109
Charges for Services	-	603,786	-	603,786
Licenses, Permits and Fees	31,342	-	-	31,342
Fines and Forfeitures	-	32,723	-	32,723
Intergovernmental	2,607,160	549,040	-	3,156,200
Earnings on Investments	32,481	1,137	-	33,618
Miscellaneous	21,990	32,508	-	54,498
<i>Total Cash Receipts</i>	<u>2,727,920</u>	<u>3,025,356</u>	<u>-</u>	<u>5,753,276</u>
<b>Cash Disbursements</b>				
Current:				
General Government	541,718	-	-	541,718
Public Safety	126,016	2,687,322	-	2,813,338
Public Works	17,533	396,870	155	414,558
Health	1,575	-	-	1,575
Conservation-Recreation	8,000	-	-	8,000
Capital Outlay	18,734	-	-	18,734
<i>Total Cash Disbursements</i>	<u>713,576</u>	<u>3,084,192</u>	<u>155</u>	<u>3,797,923</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,014,344</u>	<u>(58,836)</u>	<u>(155)</u>	<u>1,955,353</u>
<i>Fund Cash Balances, January 1</i>	<u>1,630,104</u>	<u>2,631,942</u>	<u>155</u>	<u>4,262,201</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	2,573,106	-	2,573,106
Assigned	2,832,677	-	-	2,832,677
Unassigned	811,771	-	-	811,771
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,644,448</u>	<u>\$ 2,573,106</u>	<u>\$ -</u>	<u>\$ 6,217,554</u>

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

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 31,815	\$ 1,937,916	\$ -	\$ 1,969,731
Charges for Services	-	434,485	-	434,485
Licenses, Permits and Fees	29,382	22,114	-	51,496
Fines and Forfeitures	-	55,000	-	55,000
Intergovernmental	1,237,002	557,670	-	1,794,672
Miscellaneous	9,452	155,061	-	164,513
<i>Total Cash Receipts</i>	<u>1,307,651</u>	<u>3,162,246</u>	<u>-</u>	<u>4,469,897</u>
<b>Cash Disbursements</b>				
Current:				
General Government	457,401	-	-	457,401
Public Safety	46,144	2,737,041	-	2,783,185
Public Works	-	513,265	-	513,265
Health	21,374	-	-	21,374
Human Services	6,696	-	-	6,696
Other	4,817	70,417	-	75,234
Capital Outlay	45,015	100,193	-	145,208
Personal Services	-	26,382	-	26,382
Supplies and Materials	-	219,401	-	219,401
<i>Total Cash Disbursements</i>	<u>581,447</u>	<u>3,666,699</u>	<u>-</u>	<u>4,248,146</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>726,204</u>	<u>(504,453)</u>	<u>-</u>	<u>221,751</u>
<b>Other Financing Receipts</b>				
Other Financing Sources	635	-	-	635
<i>Total Other Financing Receipts</i>	<u>635</u>	<u>-</u>	<u>-</u>	<u>635</u>
<i>Net Change in Fund Cash Balances</i>	726,839	(504,453)	-	222,386
<i>Fund Cash Balances, January 1</i>	<u>903,265</u>	<u>3,136,395</u>	<u>155</u>	<u>4,039,815</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	2,631,942	155	2,632,097
Assigned	55,467	-	-	55,467
Unassigned	1,574,637	-	-	1,574,637
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,630,104</u>	<u>\$ 2,631,942</u>	<u>\$ 155</u>	<u>\$ 4,262,201</u>

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



**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 30,351	\$ 1,890,020	\$ -	\$ 1,920,371
Charges for Services	-	438,144	-	438,144
Licenses, Permits and Fees	29,887	17,742	-	47,629
Fines and Forfeitures	-	38,541	-	38,541
Intergovernmental	251,519	585,210	-	836,729
Miscellaneous	13,593	67,795	-	81,388
<i>Total Cash Receipts</i>	<u>325,350</u>	<u>3,037,452</u>	<u>-</u>	<u>3,362,802</u>
<b>Cash Disbursements</b>				
Current:				
General Government	228,974	-	-	228,974
Public Safety	27,048	2,000,856	-	2,027,904
Public Works	5,000	348,775	-	353,775
Health	20,000	-	-	20,000
Human Services	6,600	-	-	6,600
Other	22,476	29,401	-	51,877
Capital Outlay	360	234,693	-	235,053
Supplies and Materials	-	14,738	-	14,738
<i>Total Cash Disbursements</i>	<u>310,458</u>	<u>2,628,463</u>	<u>-</u>	<u>2,938,921</u>
<i>Excess of Receipts Over Disbursements</i>	<u>14,892</u>	<u>408,989</u>	<u>-</u>	<u>423,881</u>
Special Item	137,431	-	-	137,431
<i>Net Change in Fund Cash Balances</i>	152,323	408,989	-	561,312
<i>Fund Cash Balances, January 1</i>	<u>750,942</u>	<u>2,727,406</u>	<u>155</u>	<u>3,478,503</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	3,136,395	155	3,136,550
Assigned	112,699	-	-	112,699
Unassigned	790,566	-	-	790,566
<i>Fund Cash Balances, December 31</i>	<u>\$ 903,265</u>	<u>\$ 3,136,395</u>	<u>\$ 155</u>	<u>\$ 4,039,815</u>

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

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**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of 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, fire protection and emergency medical services. The Township contracts with the City of Upper Arlington to provide fire services and emergency medical services to the western segment of the Township.

The Township participates in a jointly governed organization and a public entity risk pool. The jointly governed organization is the Clinton-Grandview Heights Joint Economic Development Zone, (the JEDZ) and the public entity risk pool is the Ohio Township Association Risk Management Authority. Notes 7 and 6 to the financial statements provide additional information for these entities.

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

**B. Accounting Basis**

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.

**C. 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.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

Police District Fund – This fund receives property tax money for the operation of Township police protection and enforcement.

Fire District Fund – This fund receives property tax money for the operation of Township fire and emergency medical services.

**3. Capital Projects 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:

ODNR NatureWorks – The Township received a grant from the Ohio Department of Natural Resources for the rehabilitation of recreational areas.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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.

**2. 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.

**3. 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 2015, 2014, and 2013 budgetary activity appears in Note 3.

CLINTON TOWNSHIP  
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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:

1. **Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. **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.

3. **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.

4. **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.

5. **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.

G. **Property, Plant, and Equipment**

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  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)**

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

**H. 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.

**2. EQUITY IN POOLED 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:

	2015	2014	2013
Demand deposits	\$4,442,851	\$2,505,916	\$2,294,580
Negotiable certificates of deposit	1,774,703	1,756,285	1,745,235
Total deposits and investments	\$6,217,554	\$4,262,201	\$4,039,815

**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, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2015, 2014, and 2013 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,588,657	\$2,727,920	\$139,263
Special Revenue	3,857,838	3,025,356	(832,482)
Total	\$6,446,495	\$5,753,276	(\$693,219)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,521,208	\$810,767	\$1,710,441
Special Revenue	5,903,098	3,101,296	2,801,802
Capital Projects	155	155	0
Total	\$8,424,461	\$3,912,218	\$4,512,243

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$823,186	\$1,308,286	\$485,100
Special Revenue	3,126,814	3,162,246	35,432
Total	\$3,950,000	\$4,470,532	\$520,532

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$935,885	\$637,522	\$298,363
Special Revenue	6,361,226	3,740,664	\$2,620,562
Total	\$7,297,111	\$4,378,186	\$2,918,925

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$266,580	\$462,781	\$196,201
Special Revenue	3,025,298	3,037,452	12,154
Total	\$3,291,878	\$3,500,233	\$208,355

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$603,258	\$318,144	\$285,114
Special Revenue	3,550,046	2,791,369	758,677
Total	\$4,153,304	\$3,109,513	\$1,043,791

**4. PROPERTY TAX**

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.

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Township’s certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Full-time Police Officers and other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015, 2014, and 2013 employee and employer contribution rates were as follows:

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OP&amp;F – full time firefighters</i>	<i>January 1, 2013- June 30, 2013</i>	<i>10%</i>	<i>24%</i>
<i>OP&amp;F- full time firefighters</i>	<i>July 1, 2013- June 30, 2014</i>	<i>10.75%</i>	<i>24%</i>
<i>OP&amp;F- full time firefighters</i>	<i>July 1, 2014- June 30, 2015</i>	<i>11.5%</i>	<i>24%</i>
<i>OP&amp; F-full time firefighters</i>	<i>July 1, 2015-December 31, 2015</i>	<i>12.25%</i>	<i>24%</i>
<i>PERS – Local</i>	<i>2013-2015</i>	<i>10%</i>	<i>14%</i>
<i>PERS – Law Enforcement</i>	<i>2013</i>	<i>12.60%</i>	<i>18.10%</i>
<i>PERS – Law Enforcement</i>	<i>2014-2015</i>	<i>13.00%</i>	<i>18.10%</i>

The Township has paid all contributions required through December 31, 2015.

**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.

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, 2015, 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.



**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

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, 2015, 2014 and 2013:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets	\$37,313,311	\$35,970,263	\$34,954,286
Liabilities	8,418,518	8,912,432	8,486,363
Net Position	\$28,894,793	\$27,057,831	\$26,467,923

At December 31, 2015, 2014, and 2013, respectively, the liabilities above include approximately \$7.8, \$8.2, and \$7.9 of estimated incurred claims payable. The assets above also include approximately \$7.7, \$7.2, and \$7.4 of unpaid claims to be billed to approximately 989, 957, and 957 member governments in the future, as of December 31, 2015, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$29,000.

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.

<u>Contributions to OTARMA</u>		
<u>2015</u>	<u>2014</u>	<u>2013</u>
\$56,376	\$55,115	\$53,211

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.

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)**

**7. 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, 2013, and will terminate on December 31, 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.

**8. SUBSEQUENT EVENTS**

The Township secured a bond for \$3.25 million on June 17, 2016 that will be paid back over 15 years at 1.99% interest. The debt was issued to finance the construction of a new building to be used as a Police, Fire/EMS, and Township Facility building.

In July 2016, the Board of Trustees approved a payment to nine bargaining unit Police Officers to correct previous years taxes that were overpaid. Pension contributions were taxed when withheld from pay and taxed when withdrawn from the pension system for years going back to 2005. The total correction amount was \$105,340 and was paid from the General Fund.

**9. SPECIAL ITEM**

In 2013, the Township received a \$137,431 check from Travelers Casualty and Surety Company of America as a bond payment covering the former fiscal officer's restitution as it relates to her theft indictment.



# Dave Yost • Auditor of State

## 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, Ohio (the Township) as of and for the years ended December 31, 2015, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated September 6, 2016, 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 qualified our opinion on beginning and ending fund balances at December 31, 2015, 2014 and 2013 and disbursements at December 31, 2015.

### ***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.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 through 2015-002 and 2015-005 through 2015-008 to be material weaknesses.

***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 2015-001 through 2015-004.

***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 audit the Township's responses 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 communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 6, 2016

CLINTON TOWNSHIP  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2015, 2014 AND 2013

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

FINDING NUMBER 2015-001

**Payroll Processes – Noncompliance and Material Weakness**

**Ohio Rev. Code §511.10** states that the board of township trustees may appoint such superintendents, architects, clerks, laborers, and other employees as are necessary and fix their compensation.

As it relates to each employees payroll, **29 CFR §516.2(a)(7)** states that every employer shall maintain and preserve payroll records containing hours worked each workday and total hours worked each workweek. **29 CFR §516.6** states that each employer is required to maintain all basic time and earning cards or sheets on which are entered the daily starting and stopping time of individual employees.

Further, **Ohio Rev. Code §149.351** requires that all records that are property of the public office 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 commission provided for under Ohio Rev. Code Sections 149.38 through 149.42.

In order to meet the above compliance requirements, all Township employees should be paid based on the Board approved pay scale/rates and according to the hours listed on each employees' time sheet. Timesheets should be signed by employees and the appropriate supervisor should provide documentation and certification of their hours worked. Payroll data input should be reviewed for accuracy and completeness. Those charged with governance and management should specify the level of competence needed for particular jobs and translate the desired levels of competence into requisite knowledge and skills.

We noted the following issues during 2013-2015:

- In August 2013, the Township Manager and interim Road Superintendent were appointed by the Trustees; however, no meeting minutes were kept for this meeting (Refer to Finding 2015-003). Due to no meeting minutes and no employee contracts being kept on file, there is no way to verify these employees were properly compensated during the audit period.
- There is no formal approved job description for the Township Manager position.
- One employee tested for 2013 did not have the appropriate leave forms maintained with their timesheet.
- The Township Manager could not provide timesheets for 21 weeks of his payroll during 2013.
- Three employees tested for 2013 were paid the correct number of hours; however, the leave used reflected on the paystub did not agree to the leave usage approved on the timesheet.
- Four employee timesheets during 2015, one employee timesheet during 2014, and three employee timesheets during 2013 did not have supervisor approval documented on the timesheets.
- Final payroll input sheets were not reviewed prior to submission to the payroll company.

Failure to ensure hours worked are correctly approved and entered and salaries are properly approved may lead to undetected misstatements of payroll compensation and misstated fund balances.

We recommend the Township maintain documentation of appointment, compensation, job descriptions and payroll records for all Township employees. All Township employees and supervisors should sign timesheets to ensure the accuracy of hours worked. Payments should not be disbursed to the employee

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)**

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

**FINDING NUMBER 2015-001 (Continued)**

**Payroll Processes – Noncompliance and Material Weakness (Continued)**

unless timesheets have these signatures. We further recommend the Township develop a system to double-check the spreadsheets and data input for approved rates and hours documented on recomputed timecards to ensure that employees are being properly compensated. All salaries and raises should be approved and documented in the minutes. Final input reports should be reviewed prior to submission for payroll processing. Finally, we recommend the Township obtain a legal opinion regarding the functions and operations as they relate to the Township Manager position.

**FINDING NUMBER 2015-002**

**Use of Revenues – Noncompliance and Material Weakness**

**Ohio Rev. Code §5705.10(D)** states that all revenue derived from a source other than the general property tax which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Further **Ohio Rev. Code §5705.10(I)** states that money paid into any fund shall be used only for the purposes for which such fund was established.

The Township posted revenues to incorrect funds, as follows:

Description	Year	Amount
Revenue recorded within the Police District Special Revenue Fund should have been recorded within the General Fund	2013	\$137,431
Property and Other Local Taxes recorded within Road and Bridge, Police District, and Fire District Special Revenue Funds, respectively, should have been recorded within the General Fund.	2013 2014	\$4,062, \$10,155, and \$10,917 \$4,054, \$10,642, and \$11,549
Disbursements recorded within Miscellaneous Special Revenue Fund should have been recorded within the Capital Projects Fund.	2015	\$155
Property and Other Local Taxes recorded within the General Fund should have been recorded within the Road and Bridge, Police District and Fire District Special Revenue Funds, respectively.	2013	\$172, \$554, and \$654
Intergovernmental Revenue recorded within the Motor Vehicle License Tax should have been recorded within the Gasoline Tax Special Revenue Fund.	2015	\$7,528

The above entries were adjusted to the Township's financial statements and accounting records.

Failure to properly monitor receipt and disbursement posting can result in overspending and negative fund balances.

CLINTON TOWNSHIP  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)

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

FINDING NUMBER 2015-002 (Continued)

Use of Revenues – Noncompliance and Material Weakness (Continued)

We recommend the Township monitor revenues, disbursements, and fund balances to ensure revenues are posted to proper funds and expenditures are made within appropriated levels of available funds for proper expenditures within the allowable uses of revenues received. If negative fund balances are anticipated, the Trustees should make an approved transfer or advance of funds to cover the necessary expenditures.

FINDING NUMBER 2015-003

Minute Records – Noncompliance

**Ohio Rev. Code §149.43(B)(1)** states that all public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. Upon request, a person responsible for public records shall make copies available at cost, within a reasonable period of time. In order to facilitate broader access to public records, public offices shall maintain public records in such a manner that they can be made available for inspection.

Additionally, **Ohio Rev. Code §121.22(C)** states the minutes of a regular or special meeting of any such public body shall be promptly recorded and open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions. Further, **Ohio Rev. Code §121.22(G)** states the members of a public body may hold an executive session only after a majority of a quorum of the public body determines, by a roll call vote, to hold such a session and only at a regular or special meeting for the sole purpose of the consideration of certain allowable matters.

The Board of Trustee's minute records are not available for six of 24 meetings in 2013. As a result of the unavailable minutes in 2013, it cannot be confirmed that monthly financial information was presented for four out of the 12 months. There are also missing minutes for a special meeting on March 30, 2013 in which the agenda for that date states that Permanent Appropriations for 2013 were approved. In addition, 4 out of 24 in 2013, 2 out of 23 in 2014 and 3 out of 19 meeting minutes were not approved by the Board. Further, the Board moved into executive session 4 times during the period without allowable subject matter of discussion documented in the minute record.

These conditions lead to unsubstantiated, unclear, and possibly inaccurate official actions and approvals enacted by the Board of Trustees, which may further lead to an inability to determine the classification, existence, completeness, and valuation of cash receipts and disbursements, in addition to contingencies.

We recommend the Board of Trustees document all pertinent information pertaining to official Board actions in the minutes. We further recommend the minutes be properly stored for public inspection and that subject reasoning be provided in the minutes for all executive sessions that the Board enters into.

CLINTON TOWNSHIP  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2015, 2014, AND 2013  
(Continued)

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

FINDING NUMBER 2015-004

**Issuance of 1099s – Noncompliance**

**Internal Revenue Code Chapter 26 § 1.6041-1** states that employees file 1099 forms for all independent contractors that received over \$600 for the year. Also, Internal Revenue Service (IRS) Publication 15(a) states, in part, generally an employer must withhold federal income tax, withhold and pay social security and Medicare taxes, and pay unemployment taxes on wages paid to an employee. However, to determine whether an individual is an employee or an independent contractor, under common law, the relationship of the worker and the business must be examined. Facts that provide the evidence of the degree of control and independence fall into three categories: behavior control; financial control; and the type of relationship of the parties. Behavior control facts are demonstrated by the instructions and training that the business gives the worker. Financial control facts are demonstrated whether the business has a right to control the aspects of the worker's job. The type of relationship the parties intend to create can be demonstrated in a contract, but should also consider other factors.

There were expenses over \$600 to 19 different independent contractors and attorneys totaling \$71,763 for 2013, \$88,214 for 2014 and \$60,191 for 2015; however, no 1099's were issued.

Failure to issue a 1099 to independent contractors or attorneys violates IRS Guidance 26 C.F.R. section 1.6041-1.

We recommend the Township file 1099 forms for all independent contractors or attorneys that receive over \$600 each year.

This issue will be referred to the Internal Revenue Service.

FINDING NUMBER 2015-005

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

The Township's budgetary information in the accounting system should reflect what is certified to and approved by the County.

During the audit period, the Township's budgetary information (estimated receipts and appropriations) did not agree to the last Official Amended Certificate of Estimated Resources or the Final Appropriation Measure.



**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-005 (Continued)**

**Accounting System Integration of Budgetary Information – Material Weakness (Continued)**

**2013**

No estimated receipts were entered into the accounting system for 2013. Total variance is \$3,291,878.

Fund	Appropriations Filed with the County	Appropriations From OTAS	Variance
General Fund	\$597,700	\$629,200	(\$31,500)
Motor Vehicle License Tax Fund	\$17,000	\$25,000	(\$8,000)
Road and Bridge Fund	\$528,000	\$568,000	(\$40,000)
Fire District Fund	\$1,381,000	\$36,998	\$1,344,002
Police District Fund	\$1,089,000	\$1,546,000	(\$457,000)
Permissive MVLT Fund	\$10,000	\$4,500	\$5,500
Law Enforcement Fund	\$0	\$10,000	(\$10,000)
<b>Total</b>	<b>\$4,072,700</b>	<b>\$3,269,698</b>	<b>\$803,002</b>

**2014**

Fund	Estimated Receipts Filed with the County	Estimated Receipts From OTAS	Variance
General Fund	\$823,186	\$268,130	\$555,056
Motor Vehicle License Tax Fund	\$15,050	\$2,600	\$12,450
Road and Bridge Fund	\$358,932	\$344,900	\$14,032
Fire District Fund	\$1,091,134	\$1,078,000	\$13,134
Ambulance & Emergency Medical Fund	\$460,000	\$336,000	\$124,000
Police District Fund	\$1,046,648	\$1,027,700	\$18,948
Permissive MVLT Fund	\$25,000	\$25,100	(\$100)
Gasoline Tax Fund	\$75,050	\$75,100	(\$50)
Law Enforcement Fund	\$55,000	\$15,000	\$40,000
<b>Total</b>	<b>\$3,950,000</b>	<b>\$3,172,530</b>	<b>\$777,470</b>

Fund	Appropriations Filed with the County	Appropriations From OTAS	Variance
General Fund	\$928,200	\$1,828,200	(\$900,000)
Law Enforcement Fund	\$32,000	\$87,000	(\$55,000)
<b>Total</b>	<b>\$960,200</b>	<b>\$1,915,200</b>	<b>(\$955,000)</b>

CLINTON TOWNSHIP  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2015, 2014, AND 2013  
(Continued)

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

FINDING NUMBER 2015-005 (Continued)

Accounting System Integration of Budgetary Information – Material Weakness (Continued)

2015

Fund	Estimated Receipts Filed with the County	Estimated Receipts From UAN	Variance
General Fund	\$2,588,657	\$2,033,175	\$555,483
Road and Bridge Fund	\$349,296	\$346,737	\$2,559
Fire District Fund	\$1,111,755	\$1,087,370	\$24,385
Police District Fund	\$1,016,453	\$994,477	\$21,976
Law Enforcement Fund	\$41,817	\$0	\$41,817
JEDZ Fund	\$748,627	\$535,526	\$213,101
Total	\$5,856,606	\$4,997,285	\$859,321

The budgetary disclosures in the notes to the financial statements have been adjusted to reflect the proper amounts.

Failure to update the accounting system could cause the Township to make appropriations in excess of estimated resources and the Township would be in violation of the Ohio Revised Code. Furthermore, incorrect budgetary information in the accounting system inhibits the Board and Fiscal Officer's ability to properly monitor the Township's budgetary compliance, wherein the accounting system showed material noncompliance with budgetary law, which was not identified by the Township, but final approved budgetary documents did not result in material noncompliance for the Township.

We recommend that the Fiscal Officer update the Township's accounting system to agree to the last Official Amended Certificate of Estimated Resources and the Final Appropriation Measure. In addition, when significant increases or decreases in receipts for a particular fund are expected, the Township should obtain an additional Official Amended Certificate of Estimated Resources.

FINDING NUMBER 2015-006

Bank to Book Reconciliation – Material Weakness

Monthly bank reconciliations should be performed by the Fiscal Officer to determine if all receipts and disbursements have been properly posted. Reconciling items should be investigated at the time of the reconciliation and resolved in a timely manner. Documentation supporting all reconciling items should be included with the reconciliation. Reconciliations should include all bank accounts and book balances.

The Township's fund balances per their accounting records were not reconciled to the bank account balances throughout the audit period. During 2015, adjustments were made to reconcile the fund balances per the accounting records to the bank account balances. However, the Township was not able to provide sufficient appropriate audit evidence supporting the individual funds to which the adjustments were recorded; therefore, we could not gain assurance over beginning and ending fund cash balances at December 31, 2015, 2014 and 2013 or disbursements at December 31, 2015. Consequently, we were unable to determine whether any further adjustments to these amounts were necessary. The culmination of reconciliation control deficiencies noted below, led to a qualified opinion over the financial statements.

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)**

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

**FINDING NUMBER 2015-006 (Continued)**

**Bank to Book Reconciliation – Material Weakness (Continued)**

- The Township did not perform monthly bank reconciliations during the audit period.
- The Township's December 31, 2014 outstanding check list included 114 checks dating back to 2009 totaling \$77,350.
- The Township's December 31, 2014 bank reconciliation included an unreconciled variance of \$55,741.
- The Township's December 31, 2015 bank reconciliation included an unreconciled variance of \$4,865.
- As of the opinion date, the Township is performing monthly bank to book reconciliations and is reconciled.

When bank reconciliations are not properly performed, monthly fund balances may be understated or overstated and management cannot be assured that the ledgers reflect the proper financial activities of the Township. Failure to reconcile bank to book balances and include all bank transactions with significant explanation may result in errors or irregularities undetected by management and misguided decisions made by the Board based on inaccurate financial reports provided to them. Additionally, failure to properly monitor outstanding checks can result in stale dated checks being improperly cashed.

We recommend the Township perform accurate monthly bank to book reconciliations that identify all reconciling items. Additionally, we recommend the Township timely investigate and resolve outstanding reconciling items/factors as they are identified. 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.

**FINDING NUMBER 2015-007**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the Township's Fiscal Officer and Township Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources. A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015, 2014, AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-007 (Continued)**

**Financial Reporting – Material Weakness (Continued)**

In addition to the adjustments noted in Finding 2015-002, the following were material to the Township's financial statements and were posted to the financial statements and to the Township's accounting records:

<b>Error Description</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Reclassification in General Fund of Cable Franchise Fees from Miscellaneous Revenue to Licenses, Permits and Fees	\$31,169	\$29,382	
Reclassification from Miscellaneous Revenue to Intergovernmental Revenue	General Fund - \$35,156 Special Revenue - \$27,942	General Fund - \$2,469	
Reclassification from Property and Other Local Taxes to Intergovernmental Revenue	General Fund - \$3,714 Special Revenue - \$292,266	General Fund - \$1,062,501 Special Revenue - \$302,763	Special Revenue - \$297,615
Adjustment from Special Revenue Miscellaneous Revenue to General Fund Special Item	\$137,431		
Adjustment of JEDZ Intergovernmental Revenue from Special Revenue Fund type to General Fund			\$303,766
Reclassification of Unassigned Fund Balance to Assigned Fund Balance in General Fund	\$112,699	\$55,467	\$2,832,677
Gross-up of Property and Other Local Taxes			General Fund - \$12,423 Special Revenue - \$19,280
Adjust Health Reimbursement Arrangement Expenses (see also Finding 2015-006)	General Fund - \$46,093 Special Revenue - \$45,021	General Fund - \$(24,926) Special Revenue - \$(45,021)	General Fund - \$(195,741) Special Revenue - \$360
Reclassification from Charges for Services to Miscellaneous Revenue in Special Revenue Funds			\$26,643
Adjustment of Charges for Services in Special Revenue for EMS	\$50,420		

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015, 2014 AND 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-007 (Continued)**

**Financial Reporting – Material Weakness (Continued)**

The following were not material to the Township's financial statements and were not posted to the financial statements and to the Township's accounting records:

Error Description	2013	2014	2015
Reclassification from Miscellaneous Revenue to Intergovernmental Revenue in Special Revenue Funds		\$35,395	
Overstatement of Licenses, Permits and Fees in General Fund	\$887		
Reclassification from Miscellaneous Revenue to Charges to Services in Special Revenue Funds for Police District	\$44,400	\$45,590	
Adjustment of Intergovernmental Revenue		General Fund - \$209 Special Revenue - \$7,342	Special Revenue - \$(7,342)
Adjustment of Charges for Services in Special Revenue Funds for EMS		\$40,000	\$(40,000)
Reclassification of Negative Fund Balance to Unassigned Fund Balance in Special Revenue Funds	\$9,414		

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

We recommend the Township's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. In addition, the Township should review AOS Bulletin 2011-004 for guidance on GASB Statement No. 54 requirements. By exercising accuracy in recording financial activity, the Township can reduce posting errors and increase the reliability of the financial data throughout the year.

**FINDING NUMBER 2015-008**

**Timely Posting of Transactions – Material Weakness**

The revenue and expense ledgers should be updated at the time a receipt is received or an expense is paid. This is necessary to ensure accounting ledgers accurately reflect the financial status of the Township and amounts agree to bank statements. Upon receipt or payment, the Fiscal Officer should post to the accounting system and monies should be deposited in the Township's bank account as required by the Ohio Revised Code.

The Township failed to timely record in the accounting system 26 tested receipts during fiscal year 2013, seven tested receipts during fiscal year 2014, and 17 tested receipts during fiscal year 2015. Additionally, the Township failed to timely record payroll disbursements for seven pay periods within fiscal year 2014. Furthermore, payroll withholdings remittances, HRA expenses and interest receipts were not timely recorded during 2013 or 2014.

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015, 2014, AND 2013  
(Continued)**

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

**FINDING NUMBER 2015-008 (Continued)**

**Timely Posting of Transactions – Material Weakness (Continued)**

Due to untimeliness of disbursement posting in 2013, the Check Register transaction dates differed from the Cash Journal transaction dates.

Failure to post receipts and expenses in a timely manner resulted in inaccurate financial reporting and unreconciled bank to book differences. Refer to Findings 2015-006 and 2015-007.

We recommend the Fiscal Officer collect, deposit, and post all Township receipts and disbursements to the accounting system in a timely fashion.

**Officials' Response:**

The Officials provided the below response to address all findings noted above.

During the year 2015, the Fiscal Officer started converting the books into UAN and the Township was fully converted into UAN by January 1, 2016 and have been reconciled within the accounting software ever since. Receipts or deposits are now being done in a timely fashion.

**CLINTON TOWNSHIP  
FRANKLIN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015, 2014 AND 2013**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2012-001	Public Funds Converted or Misappropriated – Theft in office	Not Resolved	
2012-002	Payroll Expenditure – Trustees were overpaid	Fully Corrected	
2012-003	Bank to Book Reconciliation	Not Corrected	Repeated as Finding 2015-006
2012-004	Financial Reporting	Not Corrected	Repeated as Finding 2015-007

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# Dave Yost • Auditor of State

**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  
NOVEMBER 10, 2016**