



**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF CLINTON  
SUMMIT COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Clinton  
Summit County  
7871 Main Street  
Clinton, Ohio 44216

To the Village Council:

We have audited the accompanying financial statements of the Village of Clinton, Summit County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

April 5, 2002

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$53,585	\$143,674			\$197,259
Intergovernmental	108,123	96,466		\$128,049	332,638
Charges for Services	1,731	19,197			20,928
Fines, Licenses, and Permits	6,779	150			6,929
Earnings on Investments	3,921	5,159			9,080
Miscellaneous	4,714	5,125			9,839
<b>Total Cash Receipts</b>	<b>178,853</b>	<b>269,771</b>		<b>128,049</b>	<b>576,673</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	52,281	92,620			144,901
Public Health Services	11,088				11,088
Leisure Time Activities	4,128				4,128
Community Environment	9,001				9,001
Transportation	17,530	58,827			76,357
General Government	60,337	1,982			62,319
Debt Service:					
Principal Payments	19,908	27,938			47,846
Interest Payments	6,504	10,115			16,619
Capital Outlay		64,538		162,336	226,874
<b>Total Cash Disbursements</b>	<b>180,777</b>	<b>256,020</b>		<b>162,336</b>	<b>599,133</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(1,924)</b>	<b>13,751</b>		<b>(34,287)</b>	<b>(22,460)</b>
<b>Other Financing Receipts:</b>					
Proceeds of Notes				55,000	55,000
<b>Total Other Financing Receipts</b>				<b>55,000</b>	<b>55,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	<b>(1,924)</b>	<b>13,751</b>		<b>20,713</b>	<b>32,540</b>
Fund Cash Balances, January 1	162,826	199,844	\$13,373	(28,602)	347,441
<b>Fund Cash Balances, December 31</b>	<b>\$160,902</b>	<b>\$213,595</b>	<b>\$13,373</b>	<b>(\$7,889)</b>	<b>\$379,981</b>
Reserves for Encumbrances, December 31	\$5,562	\$5,341	\$0	\$0	\$10,903

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

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$51,751	\$140,725			\$192,476
Intergovernmental	114,798	101,260		\$154,588	370,646
Charges for Services	2,201	10,989			13,190
Fines, Licenses, and Permits	9,341				9,341
Earnings on Investments	4,796	4,167			8,963
Miscellaneous	1,214	1,075			2,289
	<u>184,101</u>	<u>258,216</u>		<u>154,588</u>	<u>596,905</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	52,933	82,170			135,103
Public Health Services	10,155				10,155
Leisure Time Activities	2,014				2,014
Community Environment	16,102				16,102
Transportation	18,624	39,809			58,433
General Government	63,062				63,062
Debt Service:					
Principal Payments	8,848	32,210			41,058
Interest Payments	7,564	11,866			19,430
Capital Outlay		20,321		140,296	160,617
	<u>179,302</u>	<u>186,376</u>		<u>140,296</u>	<u>505,974</u>
Total Cash Receipts Over Cash Disbursements	4,799	71,840		14,292	90,931
Fund Cash Balances, January 1	158,027	128,004	\$13,373	(42,894)	256,510
<b>Fund Cash Balances, December 31</b>	<b><u>\$162,826</u></b>	<b><u>\$199,844</u></b>	<b><u>\$13,373</u></b>	<b><u>(\$28,602)</u></b>	<b><u>\$347,441</u></b>
Reserves for Encumbrances, December 31	<u>\$17,773</u>	<u>\$14,167</u>	<u>\$0</u>	<u>\$0</u>	<u>\$31,940</u>

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



VILLAGE OF CLINTON  
SUMMIT COUNTY

STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUND TYPE  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
Fund Cash Balances, January 1	<u>\$1,673</u>	<u>\$1,673</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,673</u></b>	<b><u>\$1,673</u></b>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>

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

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**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Clinton, Summit County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities), and fire protection services. The Village contracts with Franklin Township for police services.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State of Ohio Treasurer's investment pool) is valued at amounts reported by the Treasurer of State.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

VILLAGE OF CLINTON  
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

*Street Construction, Maintenance and Repair Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

*Fire Fund* - This fund receives tax levies, charges for service fees, and grants to provide fire protection for the Village.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village has the following Debt Service Fund:

*Debt Retirement Fund* - This fund was originally established to retire Fire Fund Debt. It is the intention of the Village to transfer the unexpended fund balance to the Fire Fund.

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village has the following Capital Projects Fund:

*Capital Projects Fund* - This fund receives intergovernmental grants and proceeds of general obligation notes. The receipts are being used for capital asset purchases and construction of infrastructure.

5. Agency Fund

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village has the following Agency Fund:

*Rental Deposit Fund* - This fund receives park rental deposits and issues refunds of these deposits in accordance with Village ordinances.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

VILLAGE OF CLINTON  
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$174,857	\$247,483
STAR Ohio	<u>206,797</u>	<u>101,631</u>
Total deposits and investments	<u>\$381,654</u>	<u>\$349,114</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$179,896	\$178,853	\$ (1,043)
Special Revenue	223,612	269,771	46,159
Capital Projects	<u>0</u>	<u>183,049</u>	<u>183,049</u>
Total	<u>\$403,508</u>	<u>\$631,673</u>	<u>\$228,165</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$203,115	\$186,339	\$ 16,776
Special Revenue	318,670	261,361	57,309
Capital Projects	<u>162,336</u>	<u>162,336</u>	<u>0</u>
Total	<u>\$684,121</u>	<u>\$610,036</u>	<u>\$ 74,085</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$178,356	\$184,101	\$ 5,745
Special Revenue	214,093	258,216	44,123
Capital Projects	<u>0</u>	<u>154,588</u>	<u>154,588</u>
Total	<u>\$392,449</u>	<u>\$596,905</u>	<u>\$204,456</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$196,366	\$197,075	\$ (709)
Special Revenue	256,714	200,543	56,171
Capital Projects	<u>139,753</u>	<u>140,296</u>	<u>(543)</u>
Total	<u>\$592,833</u>	<u>\$537,314</u>	<u>\$ 54,919</u>

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. NONCOMPLIANCE**

- Contrary to Ohio Rev. Code Section 5705.10, the Village had negative cash fund balances at December 31, 2001 and 2000, respectively, in the Capital Projects Fund of \$7,889 and \$28,602.
- Contrary to Ohio Rev. Code Section 5705.39, the Village had appropriations in excess of estimated resources in 2001 for the Street Construction Maintenance and Repair and Permissive Tax Special Revenue Funds and for the Capital Projects Fund by \$13,000, \$20,884 and \$162,336, respectively. The Village also had appropriations in excess of estimated resources in 2000 for the Street Construction Maintenance and Repair, State Highway, and Permissive Tax Special Revenue Funds and for the Capital Projects Fund by \$3,800, \$7,025, \$19,884 and \$139,753, respectively.
- Contrary to Ohio Rev. Code Section 5705.41(B), the Village had expenditures in excess of appropriations in 2001 for the State Highway Special Revenue Fund by \$2,182. The Village had expenditures in excess of appropriations in 2000 for the General Fund, State Highway Special Revenue Fund and Capital Projects Fund by \$709, \$2,000 and \$543, respectively. In addition, there were other instances that expenditures exceeding appropriations at the legal level of control during 2001 and 2000.
- Contrary to Ohio Rev. Code Section 5705.36, the Village did not certify to the county auditor the unencumbered fund balances that existed at the end of the preceding year in 2001 and 2000.
- Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not always certify the availability of funds for certain expenditure during 2001 and 2000.
- Contrary to Ohio Rev. Code Section 5705.34, the Village did not pass resolutions authorizing the necessary tax levies and certify them to the County Auditor before the required date of October 1 of each year.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$ 233,354	3.95 – 5.25%
Ohio Public Works Commission Loan	\$ 1,842	3.00%
Village Hall Mortgage	91,244	6.50%
Total	<u>\$326,440</u>	

The General Obligation Notes are collateralized by the Village's taxing authority

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

Year ending December 31:	General Obligation Notes	OPWC Loan	Village Hall Mortgage
2002	\$ 67,973	\$ 1,883	\$ 16,412
2003	42,932	942	16,412
2004	42,932	0	16,412
2005	36,301	0	16,412
2006	30,943	0	16,412
2007 – 2009	46,919	0	49,235
Total	<u>\$ 268,000</u>	<u>\$ 2,825</u>	<u>\$131,295</u>

The Ohio Public Works Commission (OPWC) Loan, due in semi-annual installments of \$942 through January 1, 2003, relates to the Cleveland-Massillon Road improvement project, and bears interest at 3.00%.

The 1993 Fire Truck General Obligation Notes, due in quarterly installments of \$2,997 through April 5, 2005, relate to the purchase of a fire truck, and bear interest at 4.75%.

The 1996 Dump Truck General Obligation Notes, due in quarterly payments of \$1,353 through October 15, 2001, with a balloon payment of \$25,041 due January 15, 2002, relate to the purchase of a dump truck, and bear interest at 5.20%.

The 1999 Fire Truck General Obligation Notes, due in quarterly statements of \$4,692 through April 9, 2009, relate to the purchase of a fire truck, and bear interest at 5.25%.

The 2001 Emergency Medical Service (EMS) Vehicle General Obligation Note, due in quarterly payments of \$3,043 through October 7, 2006, relates to the purchase of an EMS squad vehicle, and bears interest of 3.95%.

The 1999 Village Hall Mortgage Loan, due in quarterly payments of \$4,103 through October 16, 2009, relates to the acquisition of a building to be used as the Village Hall, and bears interest at 6.50%.



**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Village's full-time firefighter belongs to the Ohio Police and Fire Pension Funds (OP&F). The other officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 24% of wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Village also provides health and life insurance to full-time employees through the Medical Mutual of Ohio Benefit Plan.

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**10. RELATED ORGANIZATION**

The Clinton Canal Association was created by the Clinton Village Council to develop, improve, interpret and preserve the canal land within the Village, and has been incorporated as a non profit organization in Ohio. The Canal Association is governed by a nine member board of trustees with six members elected by the Canal Association membership, one member appointed by the Clinton Village Council, one member appointed by the Clinton Village Planning Commission, and one member appointed by Metro Parks Serving Summit County. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to select and remove all other officers, agents, and employees of the Association, prescribe powers and duties for them, and to compensate such persons as the Board sees fit; to conduct, manage, and control the activities of the Canal Association and to make rules and regulations as they see best; to acquire, construct, operate, manage, and maintain canal land; the authority to buy and sell real and personal property; and to borrow money and incur indebtedness for the purposes of the Association and to execute promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, and other evidences of securities in the Canal Association name.

The Canal Association serves as custodian of its own funds and maintains all records and accounts independent of the Village of Clinton. The Village has no obligation to provide financial resources to the Canal Association. The Village has entered into agreements with the Canal Association and Metro Parks Serving Summit County for the development of the Ohio & Erie Canal Towpath Trail.

**11. SUBSEQUENT EVENTS**

The Village retired the Dump Truck Note and Village Hall Mortgage in January of 2002. These debt issues had outstanding principal amounts at December 31, 2001 of \$24,717 and \$91,244, respectively.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Village of Clinton  
Summit County  
7871 Main Street  
Clinton, Ohio 44216

To the Village Council:

We have audited the accompanying financial statements of the Village of Clinton, Summit County, Ohio, (the Village) as of and for the years ended ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-30977-001 through 2001-30977-006.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 5, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design and operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2001-30977-007 through 2001-30977-009.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 5, 2002.

This report is intended solely for the information and use of the Audit Committee, management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.



**Jim Petro**  
Auditor of State

April 5, 2002

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Noncompliance Citations**

**FINDING NUMBER 2001-30977-001**

**Ohio Rev. Code Section 5705.10** states in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Village had negative cash fund balances in the Capital Projects Fund of \$7,889 and \$28,602 at December 31, 2001 and 2000, respectively, indicating that revenue from other sources were used to pay obligations of this fund.

We recommend that the Village maintain positive cash fund balances for all funds. Advances or transfers from the general fund should be made prior to year end to ensure that negative cash fund balances do not occur.

**FINDING NUMBER 2001-30977-002**

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated fund resources from each fund.

Total appropriations exceeded total estimated resources in the following instances at December 31:

**2001**

Fund	Estimated Resources	Appropriations	Variance
Special Revenue Funds:			
Street Construction, Maintenance and Repair Fund	\$65,000	\$78,000	\$13,000
Permissive Tax Fund	22,000	42,884	20,884
Capital Projects Fund	0	162,336	162,336

**2000**

Fund	Estimated Resources	Appropriations	Variance
Special Revenue Funds:			
Street Construction, Maintenance and Repair Fund	\$56,700	\$60,500	\$3,800
State Highway Fund	975	8,000	7,025
Permissive Tax Fund	22,000	41,884	19,884
Capital Projects Fund	0	139,753	139,753

To ensure compliance with this requirement, Village Council should monitor appropriations versus estimated resources, to help avoid overspending.

A similar matter was reported in the prior audit management letter.

**FINDING NUMBER 2001-30977-003**

**The Ohio Revised Code, Section 5705.41(B)**, requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

Village expenditures exceeded appropriations in the following instances at December 31:

**2001**

Fund	Appropriations	Expenditures	Variance
Special Revenue Fund:			
State Highway Fund	\$10,000	\$12,182	\$2,182

**2000**

Fund/Function/Object	Appropriations	Expenditures	Variance
General Fund	\$196,366	\$197,075	\$709
Special Revenue Fund:			
State Highway Fund	8,000	10,000	2,000
Capital Projects Fund	139,753	140,296	543

In addition, our scan of the appropriations ledgers noted the following variances at the legal level of control at December 31 as well as 31 other instances throughout both years:

**2001**

Fund/Function/Object	Appropriations	Expenditures	Variances
General Fund:			
Street Maintenance - Personal Service	\$17,010	\$17,530	\$520
Clerk/Treasurer- Contract Service	250	354	104
Clerk/Treasurer – Operation & Maintenance	2,250	2,350	100
Special Revenue Funds:			
Street Construction Maintenance and Repair Fund - Operations & Maintenance	24,109	25,691	1,582
State Highway Fund - Operations & Maintenance	10,000	12,182	2,182
Permissive Tax Fund - Personal Services	16,000	19,580	3,580

**2000**

Fund/Function/Object	Appropriations	Expenditures	Variance
General Fund:			
Lands & Building - Contractual Services	\$22,445	\$23,431	\$986
Lands & Building- Operations & Maintenance	11,354	11,824	470
Special Revenue Funds:			
Street Construction Maintenance and Repair Fund - Personal Service	2,910	3,227	317
State Highway Fund - Operations & Maintenance	8,000	10,000	2,000
Fire Fund - Operations & Maintenance	13,668	15,844	2,176
Capital Project Fund:			
Capital Project Fund – Capital Outlay	139,753	140,296	543

The Clerk-Treasurer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of budgetary control to avoid potential overspending.

**FINDING NUMBER 2001-30977-004**

**Ohio Rev. Code Section 5705.36** requires that, on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village failed to certify to the county auditor the actual unencumbered balances that existed at the end of the preceding year for both 2001 and 2000. Actual unencumbered balances were not included on the certificate of estimated resources.

We recommend that the Village include actual unencumbered balances that existed at the end of the preceding year on or about the first day of the fiscal year. This would ensure that actual unencumbered balances are certified by the county auditor.

A similar matter was reported in the prior audit management letter.

**FINDING NUMBER 2001-30977-005**

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Clerk-Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

During the audit period, 25% of the expenditures tested were not certified by the Clerk/Treasurer prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance.

The Village should certify the availability of funds for expenditures and also implement the use of Then and Now Certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D).

**FINDING NUMBER 2001-30977-006**

**Ohio Rev. Code Section 5705.34** requires the Village to pass a resolution authorizing the necessary tax levies and certify the levies to the County Auditor before October 1 of the preceding fiscal year.

The Village did not pass resolutions authorizing the necessary tax levies and did not certify the levies to the County Auditor for 2002 and 2001 until November 20, 2001 and November 21, 2000, respectively. The County Auditor does not have authority to collect levy monies until the rates and amounts have been certified by the District. As a result of the late filings, the Village's collection of tax levy revenues for the 2001 and 2002 fiscal years could have been jeopardized. The Village should ensure the necessary tax levies are formally approved and certified to the County Auditor timely. This will help ensure that monies generated from the Village's tax levies can be collected and available for the Village.

A similar matter was reported in the prior audit management letter.

**Reportable Conditions**

**FINDING NUMBER 2001-30977-007**

**Monthly Monitoring**

Monthly disbursement and purchase order reports are submitted to Council for review and approval monthly. However, the Clerk-Treasurer's other monthly reports were found to be submitted up to three months late throughout the audit period.

Failure to monitor the financial records establishes a tone of indifference which could result in employees not using due care during the course of their work. In an environment where one person is solely responsible for the maintenance and preparation of predominantly all financial records, lack of adequate monitoring by an independent party can allow errors and irregularities to remain undetected for a significant amount of time. This decreases the reliability of the financial records. This situation could also allow Council to take actions that would not occur if they were provided with timely reports.

We recommend that the Clerk-Treasurer submit monthly reports detailing revenues, expenditures, fund balances, and budget-to-actual data monthly to Council to ensure that Council has adequate information to make budget and financial decisions in a timely manner. This will improve the reliability of the financial statements by allowing for timely detection of errors and irregularities and establish a tone in the organization which emphasizes the importance of reliable financial records.

A similar matter was reported in the prior audit management letter.

**FINDING NUMBER 2001-30977-008**

**Pre-numbered Receipts**

The Village did not issue pre-numbered receipts for revenues received during the audit period. The Village was found to be recording the receipts only in the revenue ledger and when required on deposit tickets. This could result in errors in Village records which would not be timely detected or funds being missing or incorrectly recorded. In addition, the supporting documentation for receipts was not always maintained and the documentation that was on file for charges for services and miscellaneous receipts was not consistent or supportive of the receipts.



**FINDING NUMBER 2001-30977-008  
(Continued)**

We recommend the Village maintain pre-numbered receipt books with each revenue received entered separately and the supporting documentation attached to the receipts which should be reconciled monthly. The Village could employ a computer accounting system (Uniform Accounting Network or similar system) that generates pre-numbered receipt forms as part of its function. The supporting documentation should be attached to the printed receipt forms and filed numerically.

A similar matter was reported in the prior audit management letter.

**FINDING NUMBER 2001-30977-009**

**Timely Deposits**

The Village accumulated monies and subsequently made deposits two or three times a month depending on the size of the receipts. We found instances of deposits of EMS fees made in excess of three months after these fees were remitted by the collection service. This practice reduces the effectiveness of the internal controls over cash receipts and could create opportunities for lost monies, theft, or other irregularities. This practice also reduces the interest revenues these deposits would generate for the Village.

We recommend that the Village deposit monies in the Village's bank account on a daily basis to increase the effectiveness of the internal controls over cash receipts and to increase the interest revenues these deposits generate for the Village.

A similar matter was reported in the prior audit management letter.

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-30977-001	O.R.C. 5705.10 Negative fund balances.	No	Not corrected. See Finding 2001-30977-001.
1999-30977-002	O.R.C. 5705.41(D) Failure to certify the availability of funds prior to expenditure.	No	Not corrected. See Finding 2001-30977-005.
1999-30977-003	O.R.C. 5705.41(B) Expenditures exceeded appropriations at the legal level of control.	No	Not corrected. See Finding 2001-30977-003



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF CLINTON**

**SUMMIT 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  
MAY 9, 2002**