



Dave Yost • Auditor of State



VILLAGE OF CLINTON  
SUMMIT COUNTY

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# Dave Yost • Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Dave Yost".

**Dave Yost**  
Auditor of State

June 15, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village of Clinton:

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, 2011 and 2010. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Village of Clinton, Summit County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 3, during 2011 the Village of Clinton adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2012 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Dave Yost**  
Auditor of State

June 15, 2012



**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, 2011**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$75,890	\$237,500	\$313,390
Intergovernmental	79,734	200,322	280,056
Charges for Services	2,118	61,654	63,772
Fines, Licenses and Permits	13,161		13,161
Earnings on Investments	396		396
Miscellaneous	6,214	141	6,355
<i>Total Cash Receipts</i>	<u>177,513</u>	<u>499,617</u>	<u>677,130</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	82,304	263,757	346,061
Supplies and Material		49,100	
Public Health Services	9,520		9,520
Leisure Time Activities	787		787
Community Environment	9,979		9,979
Transportation	34,451	76,720	111,171
General Government	42,377	6,750	49,127
Capital Outlay		4,200	4,200
Debt Service:			
Principal Retirement		20,961	20,961
Interest and Fiscal Charges		2,039	2,039
<i>Total Cash Disbursements</i>	<u>179,418</u>	<u>423,527</u>	<u>553,845</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,905)</u>	<u>76,090</u>	<u>123,285</u>
<b>Other Financing (Disbursements)</b>			
Other Financing Uses	(15)		(15)
<i>Total Other Financing (Disbursements)</i>	<u>(15)</u>		<u>(15)</u>
<i>Net Change in Fund Cash Balances</i>	(1,920)	76,090	74,170
<i>Fund Cash Balances, January 1 (See Note 2)</i>	<u>(2,547)</u>	<u>144,426</u>	<u>141,879</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	220,516	220,516
Unassigned (Deficit)	(4,467)		(4,467)
<i>Fund Cash Balances, December 31</i>	<u>(\$4,467)</u>	<u>\$220,516</u>	<u>\$216,049</u>

*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 CASH FUND BALANCES  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

<i>Fund Cash Balances, January 1</i>	<u>\$160</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$160</u></u>

*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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$75,686	\$234,618	\$310,304
Intergovernmental	111,644	147,197	258,841
Charges for Services	2,008	12,259	14,267
Fines, Licenses and Permits	13,335		13,335
Earnings on Investments	437		437
Miscellaneous	2,832	4,270	7,102
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	205,942	398,344	604,286
Cash Disbursements:			
Current:			
Security of Persons and Property	78,725	281,919	360,644
Public Health Services	9,112		9,112
Leisure Time Activities	793		793
Community Environment	12,062		12,062
Transportation	57,021	65,353	122,374
General Government	58,931	1,858	60,789
Debt Service:			
Redemption of Principal		1,700	1,700
Interest and Fiscal Charges		2,113	2,113
Capital Outlay		26,926	26,926
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	216,644	379,869	596,513
Total Receipts Over/(Under) Disbursements	<hr/> (10,702)	<hr/> 18,475	<hr/> 7,773
Fund Cash Balances, January 1	<hr/> 2,202	<hr/> 131,904	<hr/> 134,106
Fund Cash Balances, December 31	<hr/> <u>(\$8,500)</u>	<hr/> <u>\$150,379</u>	<hr/> <u>\$141,879</u>
Reserve for Encumbrances, December 31	<hr/> <u>\$0</u>	<hr/> <u>\$19,187</u>	<hr/> <u>\$19,187</u>

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

VILLAGE OF CLINTON  
SUMMIT COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010

<b>Operating Cash Disbursements:</b>	
Contractual Services	\$438
Fund Cash Balances, January 1	<u>598</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$160</u></u></b>

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

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**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 the Village of Clinton, Summit County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides park operations (leisure time activities) and fire protection services (security of persons and property). The Village contracts with the City of New Franklin Police department to provide police services (security of persons and property).

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village'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.

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(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/EMS Fund – This fund receives revenues including tax levies, charges for services fee, and grants and is used to account for expenditures for fire protection for the Village.

**3. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for park rental deposits and the issuance of refunds 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.

**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.

VILLAGE OF CLINTON  
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 4.

F. Fund Balance

For December 31, 2011 fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village 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

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

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

**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. Change in Accounting Principle and Restatement of Fund Cash Balances**

For fiscal year 2011, the Village reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	<b>Fund Balance at December 31, 2010</b>	<b>GASB 54 Change in Fund Structure</b>	<b>Adjusted Fund Balance at December 31, 2010</b>
<b>General</b>	<b>(8,500)</b>	<b>5,953</b>	<b>(2,547)</b>
<b>Special Revenue</b>	<b>150,379</b>	<b>(5,953)</b>	<b>144,426</b>



**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. Equity in Pooled Deposits and Investments**

The Village 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:

	2011	2010
Demand deposits	(\$5,835)	\$3,175
Repurchase agreement	222,044	138,864
Total deposits and investments	\$216,209	\$142,039

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

**Investments:** The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$264,422	\$177,513	(\$86,909)
Special Revenue	548,292	499,617	(48,675)
Total	\$812,714	\$677,130	(\$135,584)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$225,217	\$185,208	\$40,009
Special Revenue	368,568	423,527	(54,959)
Total	\$593,785	\$608,735	(\$14,950)

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$228,508	\$205,942	(\$22,566)
Special Revenue	503,328	398,344	(104,984)
Total	\$731,836	\$604,286	(\$127,550)

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**4. Budgetary Activity (Continued)**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$232,281	\$216,644	\$15,637
Special Revenue	273,920	399,056	(125,136)
Total	\$506,201	\$615,700	(\$109,499)

Contrary to Ohio Rev. Code Section 5705.41(B) total expenditures exceeded total appropriations in the Special Revenue Fire/EMS Fund by \$96,700 at December 31, 2010 and in the Special Revenue Street Construction and Maintenance Fund by \$8,896 at December 31, 2011.

Contrary to Ohio Rev. Code Section 5705.36 (A)(1) the certificate of the total amount from all sources available for expenditures and balances was not filed with the County for 2010 or 2011.

**5. Property Tax**

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

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

**6 Debt**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$25,639	5%

The Village's taxing authority collateralized the bonds.

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**6. Debt (Continued)**

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

Year ending December 31:	General Obligation Bonds
2012	\$3,860
2013	3,877
2014	3,877
2015	3,877
2016	3,877
2017	3,877
2018	3,877
Total	\$27,122

In addition to the debt described above, the Village has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 2011 was \$25,639. This disclosure does not include the related defeased debt or assets, since trustee assets should provide sufficient resources to retire the debt.

**7. Retirement Systems**

The Village's certified Fire Fighters and belong to the Police and Fire Pension Fund (OP&F). 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 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of their participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**9. Related Party Transactions**

Former Council Member Gordon Shobe is the owner of Clinton Automotive Repair. In 2010 the Village disbursed \$1,903 and in 2011 disbursed \$2,351 to his company for services rendered.

**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**10. Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding and disallowed costs. Management cannot present determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**11. Subsequent Events**

Effective January 1, 2012, the Village began collections of a 1% income tax which is effective for a period of 5 years. The tax is being collected and processed by the Regional Income Tax Authority (RITA).

In May, 2012, the Village closed their overnight sweep repurchase agreement bank account.



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of Clinton, Summit County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated June 15, 2012 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We noted the Village adopted Governmental Accounting Standards Board Statements No. 54 (GASB 54). We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-03 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village'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, providing an opinion 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 2011-01 and 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 15, 2012.

We intend this report solely for the information and use of management, the Village of Council and others within the Village. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

June 15, 2012

VILLAGE OF CLINTON  
SUMMIT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 and 2010

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

1. Expenditures Exceeding Appropriations

<i>Finding Number</i>	2011-01
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NONCOMPLIANCE

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

During 2010, the Special Revenue Fire/EMS Fund total expenditures of \$370,620 exceeded total appropriations of \$273,920 by \$96,700.

During 2011, the Special Revenue Street Construction and Maintenance Fund total expenditures of \$76,466 exceeded total appropriations of \$67,570 by \$8,896.

The Fiscal Officer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to avoid overspending.

2. Certification of Available Revenue

<i>Finding Number</i>	2011-02
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NONCOMPLIANCE

**Ohio Rev. Code Section 5705.36 (A)(1)** indicates 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 fiscal officer the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. The Certificate of the Total Amount From All Sources Available for Expenditures, and Balances was not filed with the Summit County Fiscal Officer for fiscal years 2010 or 2011.

The Village should ensure they file on or about the first day of the fiscal year the Certificate of the Total Amount From All Sources Available for Expenditures, and Unencumbered Balances existing at the end of the preceding year.

### 3. Financial Reporting

<i>Finding Number</i>	2011-03
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#### MATERIAL WEAKNESS

Our testing revealed numerous weaknesses with respect to the posting and reporting of various transactions. These weaknesses included, but were not limited to, the following:

- 2011 and 2010 Homestead and Rollback monies were misclassified as Property Taxes revenue instead of Intergovernmental revenue, for the General Fund \$10,655 and \$10,625 respectively and Special Revenue Fire/EMS Fund, 32,035 and \$31,875 respectively.
- 2011 and 2010 FEMA monies in the Special Revenue Fire/EMS Fund were misclassified as Miscellaneous revenue instead of Intergovernmental revenue \$40,466 and \$41,822 respectively
- 2011 and 2010 Special Revenue Fire/EMS Fund debt principal repayments were misclassified as Capital Outlay rather than Debt Service: Principal and interest, \$23,000 and \$3,813 respectively.
- 2011 Northeast Ohio Public Utilities Commission grant revenue was misclassified as miscellaneous revenue instead of intergovernmental revenue. Also the Village incorrectly reported the receipts (\$50,000) and expenditures (\$49,100) as an Agency Fund instead of a Special Revenue Fund.
- 2010 The Village made a \$7,000 illegal advance from the Street Department fund to the General fund to cover a deficit balance in the General Fund.
- 2011 and 2010 Public Utility reimbursements receipts in the Special Revenue Fire/EMS Fund were posted as miscellaneous revenue receipts instead of as intergovernmental revenue receipts, \$2,032 and \$4,063 respectively.
- 2011 \$6,750 and in 2010 \$1,500 of the Fiscal Officer's salary was inappropriately charge to the Special Revenue Fire/EMS Fund instead of the General Fund.

The financial statements have been adjusted to reflect the above stated reclassifications and adjustments.

These weaknesses could lead to financial statement errors. The Village should take the necessary steps to ensure all transactions are properly accounted for and classified in the Village's accounting system. To achieve this, the Fiscal Officer should review the Ohio Village Handbook and maintain a fund/account sheet which documents the specific accounts where each type of transaction should be posted.

**Official's Response:** We did not receive a response from Officials to the findings reported above.



**VILLAGE OF CLINTON  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

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>
2009-001	Financial Reporting: Various errors were noted in financial statements that required audit adjustments and reclassifications.	No	Not Corrected, Repeat See Finding 2011-03
2009-002	Bank Reconciliations: Various errors were noted in bank reconciliation.	Yes	Finding no longer valid.
2009-003	<p>Ohio Rev. Code Section 5705.41 (D) - During 2009 and 2008, 25% of the expenditures tested had purchase orders dated after the invoice date and no "Then and Now" certifications, which resulted in purchase order certification non-compliance violations.</p> <p>In addition, although regular purchase orders and Super Blanket Purchase Orders were prepared and generated by the Fiscal Officer, the purchase orders were not signed by the Fiscal Officer required by 5705.41(D) as evidence of certification of the amounts.</p>	No	Partially Corrected , Repeat as Management Letter Comment





# Dave Yost • Auditor of State

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  
JULY 31, 2012