



**VILLAGE OF CLINTON
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003-2002



**Auditor of State
Betty Montgomery**

VILLAGE OF CLINTON
SUMMIT COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, Ohio, (the Village) as of and for the years ended December 31, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the 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 ended December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2004 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 audit.

Village of Clinton
Summit County
Independent Accountants' Report
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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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 8, 2004

**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, 2003**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$65,496	\$140,908			\$206,404
Intergovernmental Receipts	149,992	107,915		\$18,000	275,907
Charges for Services	650	12,885			13,535
Fines, Licenses, and Permits	7,769	225			7,994
Earnings on Investments	2,910				2,910
Miscellaneous	200	840			1,040
	<u>227,017</u>	<u>262,773</u>		<u>18,000</u>	<u>507,790</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	55,272	131,218			186,490
Public Health Services	13,425				13,425
Leisure Time Activities	5,987				5,987
Community Environment	3,771				3,771
Transportation	29,967	152,728			182,695
General Government	105,333				105,333
Debt Service:					
Principal Payments		51,739			51,739
Interest Payments		7,073			7,073
Capital Outlay				114,293	114,293
	<u>213,755</u>	<u>342,758</u>		<u>114,293</u>	<u>670,806</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	13,262	(79,985)		(96,293)	(163,016)
Fund Cash Balances, January 1	119,278	240,676	\$13,373	3,110	376,437
Fund Cash Balances, December 31	<u>\$132,540</u>	<u>\$160,691</u>	<u>\$13,373</u>	<u>(\$93,183)</u>	<u>\$213,421</u>
Reserves for Encumbrances, December 31	<u>\$4,348</u>	<u>\$20,600</u>	<u>\$0</u>	<u>\$0</u>	<u>\$24,948</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, 2002**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$56,043	\$154,168			\$210,211
Intergovernmental Receipts	128,304	97,818		\$79,689	305,811
Charges for Services	766	14,927			15,693
Fines, Licenses, and Permits	7,759				7,759
Earnings on Investments	3,440	569			4,009
Miscellaneous	398	1,295			1,693
	<u>196,710</u>	<u>268,777</u>		<u>79,689</u>	<u>545,176</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	53,745	109,939			163,684
Public Health Services	6,837				6,837
Leisure Time Activities	1,993				1,993
Community Environment	2,785				2,785
Transportation	17,785	60,671			78,456
General Government	57,816	1,967			59,783
Debt Service:					
Principal Payments	91,251	60,043			151,294
Interest Payments	1,622	9,875			11,497
Capital Outlay	4,500			68,689	73,189
	<u>238,334</u>	<u>242,495</u>		<u>68,689</u>	<u>549,518</u>
Total Receipts Over/(Under) Disbursements	(41,624)	26,282		11,000	(4,342)
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets		800			800
		<u>800</u>			<u>800</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(41,624)	27,082		11,000	(3,542)
Fund Cash Balances, January 1	160,902	213,594	\$13,373	(7,890)	379,979
Fund Cash Balances, December 31	<u>\$119,278</u>	<u>\$240,676</u>	<u>\$13,373</u>	<u>\$3,110</u>	<u>\$376,437</u>
Reserves for Encumbrances, December 31	<u>\$1,567</u>	<u>\$4,769</u>	<u>\$0</u>	<u>\$3,000</u>	<u>\$9,336</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 -AGENCY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Fund Cash Balances, January 1	<u>\$1,673</u>	<u>\$1,673</u>
Fund Cash Balances, December 31	<u><u>\$1,0</u></u>	<u><u>\$1,0</u></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, 2003 AND 2002**

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 park operations (leisure time activities), and fire protection services (security of persons and property). The Village contracts with the Franklin Township 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. 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 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 investment pool.

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 had the following significant Special Revenue Funds:

VILLAGE OF CLINTON
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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 fund 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 had the following significant debt service fund:

Debt Retirement Fund - This fund receives transfers from other funds for payment of Village debt.

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 had the following significant 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. **Fiduciary Funds (Agency Funds)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village's only Agency Fund is the Rental Deposit Fund which is used to account for park rental deposits and issuance of 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 object level of control, and appropriations may not exceed estimated resources. The 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, 2003 AND 2002
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

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>2003</u>	<u>2002</u>
Demand deposits	\$94,737	\$259,077
STAR Ohio	<u>120,357</u>	<u>119,033</u>
Total deposits and investments	<u>\$215,094</u>	<u>\$378,110</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, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$188,052	\$227,017	\$38,965
Special Revenue	159,085	262,773	103,688
Capital Projects	0	18,000	18,000
Total	\$347,137	\$507,790	\$160,653

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$223,054	\$218,103	\$4,951
Special Revenue	388,720	363,358	25,362
Capital Projects	136,192	114,293	21,899
Total	\$747,966	\$695,754	\$52,212

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$174,526	\$196,710	\$22,184
Special Revenue	159,839	269,577	109,738
Capital Projects	0	79,689	79,689
Total	\$334,365	\$545,976	\$211,611

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$265,827	\$239,901	\$25,926
Special Revenue	312,216	247,264	64,952
Capital Projects	71,689	71,689	0
Total	\$649,732	\$558,854	\$90,878

**VILLAGE OF CLINTON
SUMMIT COUNTY**

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

4. NONCOMPLIANCE

Contrary to Ohio Revised Code Section 5705.10, the Village had negative cash fund balances in 2003 and 2002 in the Capital Projects Fund ranging from approximately \$93,000 to \$58,000.

Contrary to Ohio Revised Code Section 5705.39, the Village had appropriations in excess of estimated resources in 2003 for the Special Revenue Fire Fund and Special Revenue Permissive Tax Fund and for the Capital Projects Fund by \$261,395, \$3,448 and \$133,082, respectively. The Village had appropriations in excess of estimated resources in 2002 for the Special Revenue Fire Fund and the Capital Projects Fund by \$35,972 and \$79,588, respectively.

Contrary to Ohio Revised Code Section 5705.41(D), the Village did not always certify the availability of funds for expenditure during 2003 and 2002.

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 payment, 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, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1999 Fire Truck Note	\$89,143	5.25%
EMS Squad Vehicle Note	<u>34,278</u>	3.95%
Total	<u>\$123,421</u>	

Both notes above are general obligation notes and are collateralized by the Village's taxing authority.

**VILLAGE OF CLINTON
SUMMIT COUNTY**

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

6. DEBT (Continued)

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

Year ending <u>December 31:</u>	1999 Fire Truck <u>Note</u>	EMS Squad <u>Note</u>
2004	\$18,769	\$12,174
2005	18,769	12,174
2006	18,769	12,174
2007	18,769	0
2008	18,769	0
2009	<u>9,381</u>	<u>0</u>
Total	<u>\$103,226</u>	<u>\$36,522</u>

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

7. RETIREMENT SYSTEMS

The Village's firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (PERS). OP&F and OPERS 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 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 24% of wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participant's gross salaries. The Village has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is 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.

**VILLAGE OF CLINTON
SUMMIT COUNTY**

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

8. RISK MANAGEMENT (Continued)

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for a 5% portion the Plan retains. With policies effective September 1, 2003 and after, The Plan pays the lesser of 5% or \$25,000 for casualty losses up to the coverage limit and the lesser of 5% or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2003</u>	<u>2002</u>
Assets	\$5,402,167	\$5,584,592
Liabilities	<u>(1,871,123)</u>	<u>(2,441,793)</u>
Members' Equity	<u>\$3,531,044</u>	<u>\$3,142,799</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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

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 acted as fiscal agent for the Canal Association during 1999 until the Canal Association had formally established its own fiscal procedures. 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.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS'REPORT 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 December 31, 2003 and 2002, and have issued our report thereon dated October 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001, 2003-002, and 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to the Village's management in a separate letter dated October 8, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Village's management in a separate letter dated October 8, 2004.

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www.auditor.state.oh.us

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 8, 2004

VILLAGE OF CLINTON
SUMMIT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

Noncompliance Citations

Ohio Rev. Code Section 5705.10 requires that monies paid into any fund be used only for the purposes for which such fund is established. Negative cash fund balances are an indication that revenues from other sources were used to pay obligations of these funds.

In 2003 and 2002, the Capital Projects Fund had negative cash fund balances ranging from approximately from \$90,000 to \$93,000 and \$7,900 to \$58,000, respectively. Additionally, money spent for purposes other than specified in grant agreements could result in the loss of future grant awards. Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Rev. Code.

FINDING NUMBER 2003-002

Ohio Rev. Code Section 5705.39 provides that total appropriations from each fund shall not exceed total estimated fund resources from each fund. No appropriation measure shall become effective until the county fiscal officer files a certificate that the total appropriations for each fund do not exceed the total official estimate or amended official estimate.

2003 Appropriations Exceeding Estimated Resources

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Special Revenue:			
Permissive Tax Fund	\$ 46,552	\$ 50,000	(\$3,448)
Fire Fund	122,555	383,950	(261,395)
Capital Projects Fund	3,110	136,192	(133,082)

2002 Appropriations Exceeding Estimated Resources

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Special Revenue Fire Fund	\$117,019	\$152,991	(\$35,972)
Capital Projects Fund	(7,899)	71,689	(79,588)

FINDING NUMBER 2003-002 (Continued)

In addition to the variance at the end of the year as listed above, each of the respective funds had budget variances during the year.

Additionally, the Village did not obtain certificates from the County Fiscal Officer that appropriations from each fund do not exceed the total Amended Official Estimate of Resources for certain appropriation and estimated resource amendments. Village Council should monitor appropriations versus estimated resources to help avoid overspending. The Clerk-Treasurer should also obtain the required certificate from the County Fiscal Officer when amending appropriations and estimated resources.

FINDING NUMBER 2003-003

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.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

FINDING NUMBER 2003-003 (Continued)

During 2003 and 2002, 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 expenditure 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).

**VILLAGE OF CLINTON
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-30977-001	O.R.C. 5705.10 Negative fund balances	No	Not corrected. See Finding Number 2003-001.
2001-30977-002	O.R.C. 5705.39 Total appropriations exceeding estimated revenue	No	Not corrected. See Finding Number 2003-002.
2001-30977-003	O.R.C 5705.41(B) Expenditures Exceeding Appropriations	No	Partially corrected, moved to Management Letter
2001-30977-004	O.R.C. 5705.36 Certification to the County auditor the total amount from all sources available	No	Partially corrected, moved to Management Letter
2001-30977-005	O.R.C. 5705.41(D) Improper Certification	No	Not corrected. See Finding Number 2003-003.
2001-30977-006	O.R.C. 5705.34 Passage of resolutions authorizing the necessary tax levies and certifying the levies to the County Auditor	Yes	Corrected.
2001-30977-007	Monthly Financial Reports not done timely	No	Partially corrected, moved to Management Letter
2001-30977-008	Receipts – pre–numbered receipts not utilized	No	Partially corrected, moved to Management Letter
2001-30977-009	Depositing not done timely	Yes	Corrected.



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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
DECEMBER 21, 2004**