

VILLAGE OF CLARKSBURG
ROSS COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020



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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Clarksburg
10849 Main Street
Clarksburg, OH 43115-0023

We have reviewed the *Independent Auditor's Report* of the Village of Clarksburg, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Clarksburg is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 19, 2024

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Village of Clarksburg
Ross County
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Independent Auditor's Report

Village Council
Village of Clarksburg
Ross County
10849 Main Street
Clarksburg, Ohio 43115

Report on the Audit of the Financial Statements

Unmodified, Qualified, and Adverse Opinions

We have audited the financial statements of the Village of Clarksburg, Ross County, Ohio, (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the special revenue funds and enterprise funds as of and for the years ended December 31, 2021, and 2020 and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the general fund as of and for the years ended December 31, 2021, and 2020 and related notes of the Village of Clarksburg, Ross County, Ohio in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Additional Opinion Qualification

Nonpayroll disbursements are reported as follows: general fund in the amount of \$17,248, or 31 percent of total general fund disbursements for the year ended December 31, 2021. Nonpayroll disbursements are reported as follows: general fund in the amount of \$18,184, or 43 percent of total general fund disbursements for the year ended December 31, 2020. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as nonpayroll disbursements for the general fund for the years ended December 31, 2021 and 2020. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

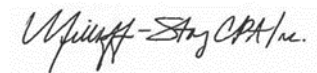
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

October 15, 2024

Village of Clarksburg
Ross County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General Fund	Special Revenue Funds	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$11,282	\$3,359	\$14,641
Intergovernmental	40,133	51,585	91,718
Fines, Licenses and Permits	3,377	0	3,377
Earnings on Investments	32	4	36
Miscellaneous	14,503	0	14,503
<i>Total Cash Receipts</i>	69,327	54,948	124,275
Cash Disbursements			
Current:			
Security of Persons and Property	2,208	450	2,658
Leisure Time Activities	6,468	0	6,468
Transportation	0	15,677	15,677
General Government	46,074	3,581	49,655
Debt Service:			
Principal Payment	718	718	1,436
Interest and Fiscal Charges	68	68	136
<i>Total Cash Disbursements</i>	55,536	20,494	76,030
<i>Net Change in Fund Cash Balances</i>	13,791	34,454	48,245
<i>Fund Cash Balances, January 1</i>	21,730	49,346	71,076
<i>Fund Cash Balances, December 31</i>	\$35,521	\$83,800	\$119,321

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

Village of Clarksburg
Ross County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Enterprise
Operating Cash Receipts	
Charges for Services	\$173,236
Miscellaneous	657
	173,893
<i>Total Operating Cash Receipts</i>	<i>173,893</i>
Operating Cash Disbursements	
Personal Services	59,094
Employee Fringe Benefits	10,538
Contractual Services	49,129
Supplies and Materials	31,904
	150,665
<i>Total Operating Cash Disbursements</i>	<i>150,665</i>
<i>Operating Income</i>	<i>23,228</i>
Non-Operating Receipts (Disbursements)	
Redemption of Principal	(30,282)
Interest and Other Fiscal Charges	(5,036)
	(35,318)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(35,318)</i>
<i>Income Before Transfers</i>	<i>(12,090)</i>
Transfers In	8,760
Transfers Out	(8,760)
	(12,090)
<i>Net Change in Fund Cash Balance</i>	<i>(12,090)</i>
<i>Fund Cash Balances, January 1</i>	<i>268,120</i>
<i>Fund Cash Balances, December 31</i>	<i>\$256,030</i>

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

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Village of Clarksburg, Ross County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, water and sewer utilities, maintenance of Village roads and bridges, and park operations. The Village contracts with the Ross County Sheriff's department to provide security of persons and property. The Village contracts with Deerfield Township EMS and Fire department to receive fire protection services.

Public Entity Risk Pool

The Village participates in the Public Entity Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund types which are organized on a fund type basis.

Fund Accounting

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

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

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

Street Construction Maintenance and Repair Fund – The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for the purpose of construction, maintenance, and repair of streets within the Village.

Enterprise Funds – These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant enterprise funds:

Water Fund – The water fund accounts for and reports the provision of water treatment and distribution to the residents and commercial users located within the Village.

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Sewer Fund – The sewer fund accounts for and reports the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

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

Budgetary Process

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

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. Appropriations lapse at year end.

Estimated Resources – Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

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.

A summary of 2021 budgetary activity appears in note 3.

Deposits and Investments

The Village maintains its deposit pool in a checking account at a local financial institution.

Capital Assets

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

Accumulated Leave

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

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Fund Balance

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:

Nonspendable – The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – 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.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in note 11.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

Fund Type	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$44,557	\$69,327	\$24,770
Special Revenue	18,503	54,948	36,445
Enterprise	165,000	182,653	17,653
Total	\$228,060	\$306,928	\$78,868

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$55,536	(\$55,536)
Special Revenue	0	20,494	(20,494)
Enterprise	0	194,743	(194,743)
Total	\$0	\$270,773	(\$270,773)

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village’s deposit account is as follows:

Demand Deposits \$375,351

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

Note 6 - Risk Management

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021:

Cash and Investments	\$41,996,850
Actuarial Liabilities	14,974,099

During 2021, the Village did not make payments for casualty or property claims that exceeded the limits of the policies.

During 2021, the Village did not make significant changes to coverage from the prior year.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

Social Security

Several Village officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the Member Directed Plan was 4 percent during calendar year 2021.

Note 9 – Debt

Debt Obligations

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
OWDA #7618	\$434,904	1.10%
OPWC CO28F	12,456	0.00%
OPWC CT82K	58,324	0.00%
OPWC CT51S	84,181	0.00%
2019 Tractor Lease	1,279	9.50%
Total	\$591,144	

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

In 2017, the Village began a water system improvements project financed through the Ohio Water Development Authority (OWDA) in the amount of \$360,057. The loan carries a 1.1% interest rate and is payable over a period of thirty (30) years. The final payment is scheduled on July 1, 2024.

In 2002, the Village entered into a water loan agreement with the Ohio Public Works Commission (OPWC) for the upgrade of the Village's water plant. The loan carries a 0% interest rate and is payable over a period of twenty (20) years. The final payment is scheduled on July 1, 2023.

In 2009, the Village entered into a loan agreement with OPWC for the upgrade of the Village's water plant in the amount of \$97,205. The loan carries a 0% interest rate and is payable over a period of thirty (30) years beginning July 2010. The final payment is scheduled on January 1, 2040.

In 2017, the Village entered into a loan agreement with OPWC to complete the water system improvement project in an amount not to exceed \$135,000. The final loan balance drawn was \$97,133. The loan carries a 0% interest rate and is payable over a period of thirty (30) years beginning July 2018. The final payment is scheduled on January 1, 2048.

Leases

The Village lease-purchased a tractor under a noncancelable lease. The Village disbursed \$3,144 to pay lease costs for the year ended December 31, 2021.

Amortization

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

Year Ending December 31:	OWDA	OPWC	Lease
2022	\$9,483	\$7,391	\$1,310
2023	18,964	14,782	0
2024	18,964	6,478	0
2025	18,965	6,478	0
2026	18,964	6,478	0
2027-2031	94,822	32,390	0
2032-2036	94,820	32,390	0
2037-2041	94,823	27,533	0
2042-2046	94,820	16,185	0
2047-2048	37,929	4,856	0
Total	\$502,554	\$154,961	\$1,310

Note 10 – Contingent Liabilities

Litigation

The Village is not currently party to legal proceedings.

Grants

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

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Fund Balances

The fund balance of special revenue funds is restricted or committed.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Village did not receive Covid-19 funding in 2021. The Village did not sub-grant funds to other governments and organizations, nor were funds returned to the granting agency or spent on-behalf of other governments.

Note 13 – Compliance

The Village had expenditures in excess of appropriations, contrary to Ohio Revised Code Section 5705.41(B).

The Village did not properly encumber funds, contrary to Ohio Revised Code Section 5705.41(D).

The Village did not file appropriations with the County Auditor, contrary to Ohio Revised Code Section 5705.38(A).

The Village did not adopt appropriations or authorize subsequent amendments at the proper legal level of control, contrary to Ohio Revised Code Section 5705.38(C).

Note 14 – Subsequent events

In October 2023, the Village received an insurance check from Public Entities Pool of Ohio in the amount of \$18,523 for a Kubota tractor accident in the previous month. The Village used the funds along with a zero-interest loan to purchase a new tractor for \$27,233.

Village of Clarksburg
Ross County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General Fund	Special Revenue Funds	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$10,245	\$2,858	\$13,103
Intergovernmental	32,694	90,195	122,889
Charges for Services	103	0	103
Fines, Licenses and Permits	2,721	0	2,721
Earnings on Investments	139	28	167
Miscellaneous	1,868	0	1,868
<i>Total Cash Receipts</i>	47,770	93,081	140,851
Cash Disbursements			
Current:			
Security of Persons and Property	6,000	450	6,450
Leisure Time Activities	5,691	0	5,691
Transportation	0	22,838	22,838
General Government	29,869	31,101	60,970
Capital Outlay	0	45,230	45,230
Debt Service:			
Principal Payment	705	705	1,410
Interest and Fiscal Charges	147	146	293
<i>Total Cash Disbursements</i>	42,412	100,470	142,882
<i>Net Change in Fund Cash Balances</i>	5,358	(7,389)	(2,031)
<i>Fund Cash Balances, January 1</i>	16,372	56,735	73,107
<i>Fund Cash Balances, December 31</i>	\$21,730	\$49,346	\$71,076

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

Village of Clarksburg
Ross County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Enterprise
Operating Cash Receipts	
Charges for Services	\$169,286
<i>Total Operating Cash Receipts</i>	169,286
Operating Cash Disbursements	
Personal Services	52,046
Employee Fringe Benefits	8,262
Contractual Services	57,730
Supplies and Materials	22,236
Other	1,778
<i>Total Operating Cash Disbursements</i>	142,052
<i>Operating Income</i>	27,234
Non-Operating Receipts (Disbursements)	
Earnings on Investments	3
Redemption of Principal	(30,099)
Interest and Other Fiscal Charges	(5,347)
Capital Outlay	(2,188)
<i>Total Non-Operating Receipts (Disbursements)</i>	(37,631)
<i>Income Before Transfers</i>	(10,397)
Transfers In	7,300
Transfers Out	(7,300)
<i>Net Change in Fund Cash Balance</i>	(10,397)
<i>Fund Cash Balances, January 1</i>	278,517
<i>Fund Cash Balances, December 31</i>	\$268,120

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

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Clarksburg, Ross County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, water and sewer utilities, maintenance of Village roads and bridges, and park operations. The Village contracts with the Ross County Sheriff's department to provide security of persons and property. The Village contracts with Deerfield Township EMS and Fire department to receive fire protection services.

Public Entity Risk Pool

The Village participates in the Public Entity Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

Fund Accounting

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

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

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

Street Construction Maintenance and Repair Fund – The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for the purpose of construction, maintenance, and repair of streets within the Village.

Coronavirus Relief Fund – The coronavirus relief fund receives grant monies used to purchase supplies and equipment to the subgrant funds as deemed allowable under the CARES Act.

Enterprise Funds – These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant enterprise funds:

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Water Fund – The water fund accounts for and reports the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund – The sewer fund accounts for and reports the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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 Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources – Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

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.

A summary of 2020 budgetary activity appears in note 3.

Deposits and Investments

The Village maintains its deposit pool in a checking account at a local financial institution.

Capital Assets

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

Accumulated Leave

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

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fund Balance

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:

Nonspendable – The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – Council can commit amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in note 11.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,174	\$47,770	(\$404)
Special Revenue	25,203	93,081	67,878
Enterprise	228,160	176,589	(51,571)
Total	\$301,537	\$317,440	\$15,903

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,281	\$42,412	\$2,869
Special Revenue	34,150	100,470	(66,320)
Enterprise	216,521	186,986	29,535
Total	\$295,952	\$329,868	(\$33,916)

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village’s deposit account is as follows:

Demand Deposits \$339,196

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which 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. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Note 6 - Risk Management

The Village is a member of the Public Entities Pool of Ohio (Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2020:

Cash and Investments	\$40,318,971
Actuarial Liabilities	14,111,510

During 2020, the Village did not make payments for casualty or property claims that exceeded the limits of the policies.

During 2020, the Village did not make significant changes to coverage from the prior year.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Social Security

Several Village officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for members in the Member Directed Plan was 4% during calendar year 2020.

Note 9 – Debt

Debt Obligations

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
OWDA #7618	\$448,968	1.10%
OPWC CO28F	20,759	0.00%
OPWC CT82K	61,564	0.00%
OPWC CT51S	87,420	0.00%
2019 Tractor Lease	4,152	9.50%
Total	\$622,863	

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

In 2017, the Village began a water system improvements project financed through the Ohio Water Development Authority (OWDA) in the amount of \$360,057. The loan carries a 1.1% interest rate and is payable over a period of thirty (30) years. The final payment is schedule on July 1, 2024.

In 2002, the Village entered into a water loan agreement with the Ohio Public Works Commission (OPWC) for the upgrade of the Village’s water plant. The loan carries a 0% interest rate and is payable over a period of twenty (20) years. The final payment is scheduled on July 1, 2023.

In 2009, the Village entered into a loan agreement with OPWC for the upgrade of the Village’s water plant in the amount of \$97,205. The loan carries a 0% interest rate and is payable over a period of thirty (30) years beginning July 2010. The final payment is scheduled on January 1, 2040.

In 2017, the Village entered into a loan agreement with OPWC to complete the water system improvement project in an amount not to exceed \$135,000. The final loan balance drawn was \$97,133. The loan carries a 0% interest rate and is payable over a period of thirty (30) years beginning July 2018. The final payment is scheduled on January 1, 2048.

Leases

The Village lease-purchased a tractor under a noncancelable lease. The Village disbursed \$1,572 to pay lease costs for the year ended December 31, 2020.

Amortization

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

Year Ending December 31:	OWDA	OPWC	Lease
2021	\$18,963	\$14,781	\$3,144
2022	9,483	7,391	1,310
2023	18,964	14,782	0
2024	18,964	6,478	0
2025	18,965	6,478	0
2026-2030	94,822	32,390	0
2031-2035	94,820	32,390	0
2036-2040	94,822	30,774	0
2041-2045	94,821	16,185	0
2046-2048	56,895	8,094	0
Total	\$521,519	\$169,743	\$4,454

Note 10 – Contingent Liabilities

Grants

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

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Litigation

The Village is not currently party to legal proceedings.

Note 11 – Fund Balances

The fund balance of special revenue funds is restricted or committed.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding totaling \$62,815. \$49,863 of these funds were used to purchase supplies and safety equipment. The Village also subgranted \$12,812 of these funds to the Adena Local School District. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 13 – Compliance

The Village had expenditures in excess of appropriations, contrary to Ohio Revised Code Section 5705.41(B).

The Village did not properly encumber funds, contrary to Ohio Revised Code Section 5705.41(D).

The Village did not adopt appropriations or authorize subsequent amendments at the proper legal level of control, contrary to Ohio Revised Code Section 5705.38(C).

Note 14 – Subsequent events

In October 2023, the Village received an insurance check from Public Entities Pool of Ohio in the amount of \$18,523 for a Kubota tractor accident in the previous month. The Village used the funds along with a zero-interest loan to purchase a new tractor for \$27,233.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Village Council
Village of Clarksburg
Ross County
10849 Main Street
Clarksburg, Ohio 43115

We have audited 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, the financial statements of the Village of Clarksburg, Ross County, Ohio (the Village) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated October 15, 2024, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also qualified our opinion on the nonpayroll disbursements in the general fund for 2021 and 2020 due to lack of supporting documentation. Additionally, we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001, 2021-003, 2021-004, and 2021-006 that we consider to be material weaknesses.

Village of Clarksburg

Ross County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

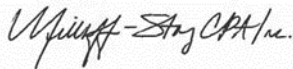
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-002, 2021-004, 2021-005, and 2021-007.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

October 15, 2024

Village of Clarksburg
Ross County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

Finding Number 2021-001

Material Weakness – Financial Reporting

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village's financial statements.

During the course of the audit, we found various misstatements and misclassifications within the accounting records. Those errors included misclassified grant revenue, unrecorded debt payments, misclassified debt service payments as well as payments posted to incorrect funds, misclassified intergovernmental receipts as well as receipts posted to incorrect funds, refunds incorrectly recorded as intergovernmental receipts, property taxes reported net of fees, misclassified transfers, misclassified capital outlay, allocations of expenditures not in accordance with underlying documentation, allocations of the fiscal officer's salary not in accordance with ordinances, and expenditures allocated to various funds without proper supporting documentation. Lastly, the Village did not file the footnotes disclosures prepared by the Village's outside consultant resulting in various errors. The accompanying financial statements and note disclosures have been modified to correct these errors.

The Village should implement additional monitoring procedures to ensure receipts and disbursements are properly recorded and that note disclosures are properly presented.

Client Response:

The Village Council will do an additional review.

Finding Number 2021-002

Noncompliance – Filing Appropriations

Ohio Revised Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1. The Village's temporary appropriations for 2020 were filed with the County with the tax budget in August 2019. However, the Village passed permanent appropriations in February of 2020 that were not filed with the County. The Village's 2021 appropriations were not filed with the County. The Village should ensure that appropriations measures and subsequent amendments are filed timely with the County.

Client Response:

The Village has implemented procedures to ensure that budgets are properly and timely submitted to the County Auditor's Office.

Village of Clarksburg
Ross County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-003

Material Weakness – Budgetary Information Within Accounting System

Accurate budgetary information within the Village’s accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes. Amendments to the budget should be properly documented in the minute record to provide assurance that changes to appropriations are authorized by the governing board. During the testing of budgetary information within the system, we noted that the amounts within the system did not agree to amounts on file with the County Auditor mainly due to the Village not filing appropriation amendments with the County in 2021. We also noted that beginning balances per the amended certificate did not agree to prior year audited balances. This was due to the Village not filing amendments due to audit adjustments. We also noted the Village did not amend their certificate of estimated resources for Coronavirus funds received in 2020. The Village should implement the appropriate procedures to ensure that all authorized budgetary amendments are properly documented within the minutes record, filed with the County Auditor, and accurately posted to the system. The Village should also ensure that beginning balances are accurately presented with the budget when audit adjustments and/or error corrections are posted to the accounting system.

Client Response:

The Village has implemented procedures to ensure that budgets are properly and timely submitted to the County Auditor’s Office.

Finding Number 2021-004

Noncompliance/Material Weakness – Proper Encumbrance of Funds

Ohio Revised Code Section 5705.41 (D)(1) 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 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.

Village of Clarksburg
Ross County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-004 (Continued)

Noncompliance/Material Weakness – Proper Encumbrance of Funds (Continued)

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. 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.

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

The Fiscal Officer did not certify funds prior to purchase commitments in 2021 and 2020 for the sample expenditures tested. There was no evidence the Village followed the aforementioned exceptions. This also resulted in immaterial unrecorded encumbrances at December 31, 2020. We also noted that super blanket certificates issued in 2021 and 2020 were not for reasonably predictable operating expenses. Additionally, the Village could not provide proof that a maximum blanket threshold policy has been established.

Failure to certify the availability of funds properly can result in overspending funds and negative fund cash balances and noncompliance with Ohio Revised Code. The Village officials and employees should obtain the Fiscal Officer’s certification of the availability of funds prior to the commitment being incurred. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. We also recommend that Then and Now certificates be used only when necessary and if exceptions are utilized, they are utilized properly and in compliance with the Ohio Revised Code. Additionally, the Village should ensure that super blanket certificates are used properly. Lastly, the Village should either locate previously established policies regarding maximum blanket certificate thresholds or adopt a new policy and maintain this policy to allow for reference of management and Council and for demonstration of compliance.

Client Response:

The Village will implement procedures to ensure the proper encumbrance of funds.

Finding Number 2021-005

Noncompliance – Legal Level of Control for Appropriations

Ohio Revised Code Section 5705.38(C) requires the following minimum level of budgetary control for “subdivisions” other than schools: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.”

Village of Clarksburg
Ross County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-005 (Continued)

Noncompliance – Legal Level of Control for Appropriations (Continued)

The Village's temporary appropriations for 2020 met the minimum legal level of control and were filed with the County with the tax budget in August 2019. However, the Village Council passed permanent appropriations in February of 2020 that were not at the minimum level. The Village's 2021 appropriations also did not meet the minimum level. The Village should ensure that appropriations measures and subsequent amendments are adopted at the appropriate legal level of control and filed timely with the County.

Client Response:

The Village has implemented procedures to ensure that budgets are properly and timely submitted to the County Auditor's Office.

Finding Number 2021-006

Material Weakness – Maintenance of Supporting Documentation

Maintenance of supporting documentation for receipts and disbursements is pertinent to ensure a proper audit trail which provides assurance that receipts and disbursements are accurate, complete, in compliance with applicable laws and regulations, recorded in the proper timeframe, and for proper public purpose. Maintenance of accurate accounting records is also pertinent to ensure the accuracy and completeness of financial activity of the Village.

The Village was unable to provide supporting documentation for several sampled nonpayroll disbursements in 2021 and 2020.

Failure to maintain supporting documentation and accurate and complete accounting records subjects the Village to the risk of inaccurate or improper payments, and results in an insufficient audit trail and the possibility of findings for recovery.

The Village should implement procedures to ensure that supporting documentation for all disbursements are properly maintained. Further, due care should be taken when recording information within the accounting system, to ensure that supporting documentation maintained for financial activity is in agreement with the system.

Client Response:

The Village Council will assure that proper supporting documentation is maintained.

Finding Number 2021-007

Noncompliance – Expenditures in Excess of Appropriations

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had expenditures in excess of appropriations in Special Revenue funds for 2020 and in all funds for 2021. The Fiscal Officer should ensure that appropriations are filed timely and monitored to ensure compliance with Ohio Revised Code.

Client Response:

The Village has implemented procedures to ensure that budgets are properly and timely submitted to the County Auditor's Office.

Village of Clarksburg
Ross County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2021 and 2020

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2019-001	Material Weakness – Financial Reporting	No	Reissued as finding 2021-001
2019-002	Annual Report Filing	No	Reissued in Management Letter
2019-003	Budgetary Information Within Accounting System	No	Reissued as finding 2021-003
2019-004	Noncompliance/Material Weakness – Proper Encumbrance of Funds	No	Reissued as finding 2021-004
2019-005	Legal Level of Control for Appropriations	No	Reissued as finding 2021-005
2019-006	Appropriations in Excess of Estimated Resources	Yes	
2019-007	Material Weakness – Maintenance of Supporting Documentation	No	Reissued as finding 2021-006

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CLARKSBURG

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/3/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov