

VILLAGE OF CLARKSBURG
ROSS COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Clarksburg
10849 Main Street
P. O. Box 187
Clarksburg, Ohio 43115

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, 2018 through December 31, 2019. 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 black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 18, 2021

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Village of Clarksburg
Ross County
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Clarksburg, Ross County, (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional Opinion Qualification* and *Unmodified Opinion* paragraphs below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, or the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Additional Opinion Qualification

Nonpayroll disbursements are reported as follows: general fund in the amount of \$27,773, or 55 percent of total general fund disbursements and special revenue fund type in the amount of \$14,633, or 48 percent of total special revenue fund type disbursements for the year ended December 31, 2019. Nonpayroll disbursements are reported as follows: general fund in the amount of \$24,140, or 49 percent of total general fund disbursements for the year ended December 31, 2018. 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, 2019 and 2018 and for special revenue fund type for the year ended December 31, 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the general and special revenue fund types of the Village of Clarksburg, Ross County, as of December 31, 2019, and of the general fund type as of December 31, 2018 and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in note 2.

Unmodified Opinion

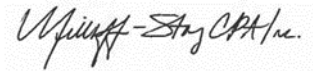
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the enterprise fund type of the Village of Clarksburg, Ross County, as of December 31, 2019, and of the special revenue and enterprise fund types as of December 31, 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in note 2.

Emphasis of Matter

As discussed in note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2021 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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

February 3, 2021

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, 2019

	General Fund	Special Revenue Funds	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$9,840	\$2,894	\$12,734
Intergovernmental	32,732	21,926	54,658
Charges for Services	70	0	70
Fines, Licenses and Permits	1,977	0	1,977
Earnings on Investments	338	73	411
Miscellaneous	2,188	237	2,425
<i>Total Cash Receipts</i>	47,145	25,130	72,275
Cash Disbursements			
Current:			
Security of Persons and Property	3,907	300	4,207
Leisure Time Activities	4,693	0	4,693
Basic Utility Services	0	1,928	1,928
Transportation	0	17,863	17,863
General Government	41,373	3,678	45,051
Capital Outlay	2,044	8,214	10,258
Debt Service:			
Principal Payment	302	302	604
Interest and Fiscal Charges	91	91	182
<i>Total Cash Disbursements</i>	52,410	32,376	84,786
Excess of Cash Receipts Under Cash Disbursements	(5,265)	(7,246)	(12,511)
Other Financing Receipts:			
Other Debt Proceeds	2,044	2,045	4,089
Total Other Financing Receipts	2,044	2,045	4,089
<i>Net Change in Fund Cash Balances</i>	(3,221)	(5,201)	(8,422)
<i>Fund Cash Balances, January 1</i>	19,593	61,936	81,529
Fund Cash Balances, December 31			
Restricted	0	56,735	56,735
Assigned	8,246	0	8,246
Unassigned	8,126	0	8,126
<i>Fund Cash Balances, December 31</i>	\$16,372	\$56,735	\$73,107

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, 2019

	Enterprise
Operating Cash Receipts	
Charges for Services	\$179,339
Miscellaneous	350
	179,689
<i>Total Operating Cash Receipts</i>	<i>179,689</i>
Operating Cash Disbursements	
Personal Services	56,386
Employee Fringe Benefits	10,728
Contractual Services	32,982
Supplies and Materials	14,278
Other	2,339
	116,713
<i>Total Operating Cash Disbursements</i>	<i>116,713</i>
<i>Operating Income</i>	<i>62,976</i>
Non-Operating Receipts (Disbursements)	
Other Debt Proceeds	4,090
Miscellaneous Receipts	896
Earnings on Investment	7
Redemption of Principal	(28,433)
Interest and Other Fiscal Charges	(5,388)
Capital Outlay	(15,912)
	(44,740)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(44,740)</i>
<i>Income Before Transfers</i>	<i>18,236</i>
Transfers In	29,365
Transfers Out	(29,365)
	18,236
<i>Net Change in Fund Cash Balance</i>	<i>18,236</i>
<i>Fund Cash Balances, January 1</i>	<i>260,281</i>
<i>Fund Cash Balances, December 31</i>	<i>\$278,517</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, 2019

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.

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, 2019

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 (D). 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 (D) permit.

Budgetary Process

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

Appropriations – Budgetary disbursements (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. Unencumbered appropriations lapse at year end.

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

Encumbrances – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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, 2019

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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Council or a Village official delegated that authority by resolution, or by State statute. Council may also assign balances such as when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget in the general fund.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

Fund Type	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$44,356	\$49,189	\$4,833
Special Revenue	24,304	27,175	2,871
Enterprise	186,402	214,047	27,645
Total	\$255,062	\$290,411	\$35,349

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,085	\$54,830	\$1,255
Special Revenue	59,090	32,851	26,239
Enterprise	278,017	197,874	80,143
Total	\$393,192	\$285,555	\$107,637

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2019 was as follows:

Demand Deposits \$351,624

Deposits: Deposits are either insured by the Federal Depository 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, 2019

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019:

Cash and Investments	\$38,432,610
Actuarial Liabilities	14,705,917
Net Position	\$23,726,693

During 2019, the Village did not make payments for casualty or property claims that exceeded the limits of the policies.

During 2019, 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, 2019.

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, 2019.

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 2019. The portion of employer contributions allocated to health care for members in the Member Directed Plan was 4% during calendar year 2019.

Note 9 – Debt

Debt Obligations

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
OWDA #7618	\$462,878	1.10%
OPWC CO28F	29,062	0.00%
OPWC CT82K	64,804	0.00%
OPWC CT51S	90,658	0.00%
2019 Tractor Lease	6,972	9.50%
Total	\$654,374	

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, 2019.

Amortization

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

Year Ending December 31:	OWDA	OPWC	Lease
2020	\$9,482	\$7,391	\$3,144
2021	18,964	14,781	3,144
2022	18,965	14,781	1,572
2023	18,964	14,781	0
2024	18,964	6,478	0
2025-2029	94,822	32,390	0
2030-2034	94,821	32,390	0
2035-2039	94,821	32,393	0
2040-2044	94,822	17,809	0
2045-2048	75,857	11,330	0
Total	<u>\$540,482</u>	<u>\$184,524</u>	<u>\$7,860</u>

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, 2019

Litigation

The Village is not currently party to legal proceedings.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may 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.

Note 12 – Compliance

The Village did not file its annual financial report within sixty days of year-end, which is contrary to Ohio Revised Code Section 117.38.

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).

The Village did not timely submit estimated resources, resulting in appropriations in excess of estimated resources until the estimated resources were filed, which is contrary to Ohio Revised Code Section 5705.39.

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, 2018

	General Fund	Special Revenue Funds	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$10,296	\$2,991	\$13,287
Intergovernmental	31,668	19,345	51,013
Charges for Services	51	0	51
Fines, Licenses and Permits	2,769	0	2,769
Earnings on Investments	122	24	146
Miscellaneous	1,079	183	1,262
<i>Total Cash Receipts</i>	45,985	22,543	68,528
Cash Disbursements			
Current:			
Security of Persons and Property	4,059	450	4,509
Leisure Time Activities	1,034	0	1,034
Basic Utility Services	0	1,971	1,971
Transportation	0	16,377	16,377
General Government	44,492	2,688	47,180
Capital Outlay	0	850	850
<i>Total Cash Disbursements</i>	49,585	22,336	71,921
<i>Net Change in Fund Cash Balances</i>	(3,600)	207	(3,393)
<i>Fund Cash Balances, January 1</i>	23,193	61,729	84,922
Fund Cash Balances, December 31			
Restricted	0	61,936	61,936
Assigned	11,688	0	11,688
Unassigned	7,905	0	7,905
<i>Fund Cash Balances, December 31</i>	\$19,593	\$61,936	\$81,529

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, 2018

	Enterprise
Operating Cash Receipts	
Charges for Services	\$154,761
<i>Total Operating Cash Receipts</i>	154,761
Operating Cash Disbursements	
Personal Services	53,620
Employee Fringe Benefits	10,566
Contractual Services	67,979
Supplies and Materials	15,942
Other	4,325
<i>Total Operating Cash Disbursements</i>	152,432
<i>Operating Income</i>	2,329
Non-Operating Receipts (Disbursements)	
Intergovernmental	96,364
Other Debt Proceeds	134,368
Earnings on Investments	2
Other Non-Operating Receipts	22,378
Redemption of Principal	(22,117)
Interest and Other Fiscal Charges	(2,859)
Capital Outlay	(227,978)
<i>Total Non-Operating Receipts (Disbursements)</i>	158
<i>Income Before Transfers</i>	2,487
Transfers In	24,086
Transfers Out	(24,086)
<i>Net Change in Fund Cash Balance</i>	2,487
<i>Fund Cash Balances, January 1</i>	257,794
<i>Fund Cash Balances, December 31</i>	\$260,281

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, 2018

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.

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, 2018

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

Water Distribution System Fund – The water distribution system fund accounts for and reports the receipt of loan proceeds and grant funds for the purpose of completing a water improvement project.

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 (D). 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 (D) permit.

Budgetary Process

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

Appropriations – Budgetary disbursements (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. Unencumbered appropriations lapse at year end.

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

Encumbrances – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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, 2018

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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Council or a Village official delegated that authority by resolution, or by State statute. Council may also assign balances such as when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget in the general fund.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

Fund Type	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$44,617	\$45,985	\$1,368
Special Revenue	21,458	22,543	1,085
Enterprise	511,791	431,959	(79,832)
Total	\$577,866	\$500,487	(\$77,379)

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,000	\$49,626	\$10,374
Special Revenue	56,500	22,381	34,119
Enterprise	583,392	440,974	142,418
Total	\$699,892	\$512,981	\$186,911

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2018 was as follows:

Demand Deposits \$341,810

Deposits: Deposits are either insured by the Federal Depository 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, 2018

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2018:

Cash and Investments	\$35,381,789
Actuarial Liabilities	<u>12,965,015</u>
Net Position	<u><u>\$22,416,774</u></u>

During 2018, the Village did not make payments for casualty or property claims that exceeded the limits of the policies.

During 2018, 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, 2018.

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, 2018.

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 2018. The portion of employer contributions allocated to health care for members in the Member Directed Plan was 4% during calendar year 2018.

Note 9 – Debt

Debt Obligations

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
OWDA #7618	\$476,125	1.10%
OPWC CO28F	37,365	0.00%
OPWC CT82K	68,044	0.00%
OPWC CT51S	<u>93,896</u>	0.00%
Total	<u><u>\$675,430</u></u>	

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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. The amount shown as currently outstanding included \$2,314 of capitalized interest.

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.

Amortization

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

Year Ending December 31:	OWDA	OPWC
2019	\$18,452	\$14,781
2020	9,482	14,781
2021	18,964	14,781
2022	18,965	14,781
2023	18,964	10,631
2024-2028	94,822	32,390
2029-2033	94,821	32,390
2034-2038	94,820	32,392
2039-2043	94,823	19,431
2044-2048	94,821	12,947
Total	\$558,934	\$199,305

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.

Litigation

The Village is not currently party to legal proceedings.

Village of Clarksburg
Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may 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.

Note 12 – Compliance

The Village did not properly encumbered at year-end, 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).

The Village did not timely submit estimated resources, resulting in appropriations in excess of estimated resources until the estimated resources were filed, which is contrary to Ohio Revised Code Section 5705.39.

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
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 (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated February 3, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as nonpayroll disbursements for the general fund and special revenue funds for the year ended December 31, 2019 and for the general fund for the year ended December 31, 2018. We also noted the financial impact of COVID-19 and the continuing emergency measures may 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 opinion 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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001, 2019-003, 2019-004, and 2019-007 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 2019-002 and 2019-004 through 2019-006.

Village's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

February 3, 2021

Village of Clarksburg
Ross County
Schedule of Findings and Responses
For the Years Ended December 31, 2019 and 2018

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

Finding Number 2019-001

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 unrecorded and misclassified lease-purchase and loan proceeds, misclassified grant revenue, misclassified debt service payments as well as payments posted to incorrect funds, loan proceeds recorded in the improper year, misclassified fund balances, 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, and expenditures allocated to various funds without proper supporting documentation. In addition, the Village had unrecorded encumbrances, which resulted in the material misstatement of budgetary expenditures in the 2018 budgetary note disclosure. Lastly, the Village did not present its lease-purchase balance within its 2019 debt obligations note. 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:

Village officials chose not to include a response.

Finding Number 2019-002

Noncompliance – Annual Report Filing

Per Ohio Revised Code Section 117.38, entities filing on a cash-basis must file annual reports with the Auditor of State within 60 days of fiscal year-end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The Auditor of State may waive these penalties, upon the filing of the past due financial report.

Per review of the Hinkle system, the 2019 report was filed on July 21, 2020 while the due date was March 2, 2020. We recommend that the Village adopt proper procedures to ensure that annual reports are filed within 60 days of fiscal year-end.

Client Response:

Village officials chose not to include a response.

Village of Clarksburg
Ross County
Schedule of Findings and Responses
For the Years Ended December 31, 2019 and 2018

Finding Number 2019-003

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 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 2019. We also noted that beginning balances per the amended certificate did not agree to prior year audited balances. 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:

Village officials chose not to include a response.

Finding Number 2019-004

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.
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.

Village of Clarksburg
Ross County
Schedule of Findings and Responses
For the Years Ended December 31, 2019 and 2018

Finding Number 2019-004 (Continued)

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

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 2018 for the sample expenditures tested. There was no evidence the Village followed the aforementioned exceptions. This also resulted in a material unrecorded encumbrance at December 31, 2018 in the amount of \$11,251 in the enterprise funds. The budgetary presentation was adjusted accordingly. The Village was also unable to provide information sufficient to test sampled items for 2019. We also noted that super blanket certificates issued in 2018 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:

Village officials chose not to include a response.

Finding Number 2019-005

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.” The Village did not adopt annual appropriations measures or subsequent amendments in either 2018 or 2019 at the required minimum legal level of control. The Village should ensure that appropriations measures and subsequent amendments are adopted at the appropriate legal level of control.

Client Response:

Village officials chose not to include a response.

Village of Clarksburg
Ross County
Schedule of Findings and Responses
For the Years Ended December 31, 2019 and 2018

Finding Number 2019-006

Noncompliance – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The Village adopted temporary appropriations in December and permanent appropriations in January of each year, but did not file their estimated resources until February 2019 and July 2018 for 2019 and 2018, respectively. As a result, appropriations exceeded estimated resources during that timeframe. The Village should implement procedures, such as use of tickler files, to ensure that certificates of estimated resources are timely prepared and filed with the County Budget Commission to ensure estimated resources are in place when appropriations are adopted. Periodic reviews of budgeted information should also be performed to ensure that appropriations are limited to estimated resources throughout the course of a fiscal year.

Client Response:

Village officials chose not to include a response.

Finding Number 2019-007

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 one sampled nonpayroll disbursement and two sampled credit card purchases in 2018. The Village was unable to provide supporting documentation for several sampled nonpayroll disbursements in 2019. The Village was also unable to provide supporting documentation for sampled nonpayroll disbursements in 2020 for the 2019 outstanding encumbrance testing. Additionally, there were inaccuracies identified within the accounting system that included preprinted check numbers that were not in agreement with check numbers reported within the accounting system. Further, we found instances where duplicate payments were made for the same bill, although we confirmed that a refund was received for the duplicate payments. Lastly, the Village was unable to provide posting documentation for one month's motor vehicle license tax remittance in 2019, although we could confirm it was deposited to the Village's bank account.

Failure to maintain supporting documentation and accurate and complete accounting records subjects the Village to the risk of inaccurate or improper receipts and 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 receipts and 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:

Village officials chose not to include a response.

Village of Clarksburg
Ross County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2019 and 2018

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2017-001	Material Weakness – Financial Reporting	No	Reissued as finding 2019-001
2017-002	Noncompliance/Material Weakness – Proper Certification of Funds	No	Reissued as finding 2019-004

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 3/30/2021

88 East Broad 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