



**VILLAGE OF CLARINGTON
MONROE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 -1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF CLARINGTON
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Clarington
Monroe County
Clarington, Ohio 43915

To the Village Council:

We have audited the accompanying financial statements of the Village of Clarington, Monroe County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

P. O. Box 215

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Clarington, Monroe County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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Jim Petro
Auditor of State

June 19, 2000

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**VILLAGE OF CLARINGTON
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$11,574	\$	\$11,574
Intergovernmental Receipts	17,030	15,124	32,154
Charges for Services		122	122
Fines, Licenses, and Permits	25		25
Earnings on Investments	6,748	238	6,986
Miscellaneous	3,830	666	4,496
	<u>39,207</u>	<u>16,150</u>	<u>55,357</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	3,218		3,218
Public Health Services	1,128	2,414	3,542
Leisure Time Activities	1,897		1,897
Basic Utility Services	2,163		2,163
Transportation		15,151	15,151
General Government	13,508		13,508
Debt Service:			
Principal Payments	1,699	1,699	3,398
	<u>23,613</u>	<u>19,264</u>	<u>42,877</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>15,594</u>	<u>(3,114)</u>	<u>12,480</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		500	500
Advances-In	375	375	750
Transfers-Out	(471)		(471)
Advances-Out	(375)		(375)
	<u>(471)</u>	<u>875</u>	<u>404</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	15,123	(2,239)	12,884
Fund Cash Balances, January 1	<u>11,608</u>	<u>7,657</u>	<u>19,265</u>
Fund Cash Balances, December 31	<u>\$26,731</u>	<u>\$5,418</u>	<u>\$32,149</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$6</u>	<u>\$6</u>

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

**VILLAGE OF CLARINGTON
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$176,413	\$600	\$177,013
Interest	147	3,352	3,499
	<u>176,560</u>	<u>3,952</u>	<u>180,512</u>
Operating Cash Disbursements:			
Personal Services	33,003	850	33,853
Fringe Benefits	8,627	545	9,172
Contractual Services	30,884	37	30,921
Supplies and Materials	7,420	581	8,001
Miscellaneous	650		650
	<u>80,584</u>	<u>2,013</u>	<u>82,597</u>
Operating Income/(Loss)	<u>95,976</u>	<u>1,939</u>	<u>97,915</u>
Non-Operating Cash Disbursements:			
Debt Service	<u>64,756</u>		<u>64,756</u>
Total Non-Operating Cash Disbursements	<u>64,756</u>	<u>0</u>	<u>64,756</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	31,220	1,939	33,159
Transfers-In	473		473
Transfers-Out	(2)	(500)	(502)
Advances-Out		(375)	(375)
Net Receipts Over/(Under) Disbursements	31,691	1,064	32,755
Fund Cash Balances, January 1	<u>149,784</u>	<u>80,347</u>	<u>230,131</u>
Fund Cash Balances, December 31	<u>\$181,475</u>	<u>\$81,411</u>	<u>\$262,886</u>
Reserve for Encumbrances, December 31	<u>\$32</u>	<u>\$0</u>	<u>\$32</u>

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

**VILLAGE OF CLARINGTON
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$3,398	\$	\$3,398
Intergovernmental Receipts	22,280	15,705	37,985
Charges for Services		334	334
Fines, Licenses, and Permits	784		784
Earnings on Investments	5,919	204	6,123
Miscellaneous	6,956	84	7,040
	<u>39,337</u>	<u>16,327</u>	<u>55,664</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	3,438		3,438
Public Health Services	973	4,055	5,028
Leisure Time Activities	1,441		1,441
Basic Utility Services	1,819		1,819
Transportation		13,979	13,979
General Government	20,915		20,915
Debt Service:			
Principal Payments	1,699	1,699	3,398
Capital Outlay		4,888	4,888
	<u>30,285</u>	<u>24,621</u>	<u>54,906</u>
Total Receipts Over/(Under) Disbursements	<u>9,052</u>	<u>(8,294)</u>	<u>758</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		2,140	2,140
Transfers-Out	(2,140)		(2,140)
Contingencies	(1,920)		(1,920)
	<u>(4,060)</u>	<u>2,140</u>	<u>(1,920)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,992	(6,154)	(1,162)
Fund Cash Balances, January 1	6,616	13,811	20,427
Fund Cash Balances, December 31	<u>\$11,608</u>	<u>\$7,657</u>	<u>\$19,265</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF CLARINGTON
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$177,183	\$740	\$177,923
Interest	701	3,510	4,211
Total Operating Cash Receipts	<u>177,884</u>	<u>4,250</u>	<u>182,134</u>
Operating Cash Disbursements:			
Personal Services	27,367		27,367
Fringe Benefits	4,872		4,872
Contractual Services	34,057		34,057
Supplies and Materials	7,457		7,457
Capital Outlay	11,084		11,084
Miscellaneous	275		275
Total Operating Cash Disbursements	<u>85,112</u>	<u>0</u>	<u>85,112</u>
Operating Income/(Loss)	<u>92,772</u>	<u>4,250</u>	<u>97,022</u>
Non-Operating Cash Disbursements:			
Debt Service	64,756		64,756
Total Non-Operating Cash Disbursements	<u>64,756</u>	<u>0</u>	<u>64,756</u>
Net Receipts Over/(Under) Disbursements	28,016	4,250	32,266
Fund Cash Balances, January 1	<u>121,768</u>	<u>76,097</u>	<u>197,865</u>
Fund Cash Balances, December 31	<u>\$149,784</u>	<u>\$80,347</u>	<u>\$230,131</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF CLARINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Clarington, Monroe County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, and park operations (leisure time activities). The Village contracts with the Clarington Volunteer Fire Department to provide fire protection services (public safety).

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit and U.S. Treasury Notes are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

State Highway Fund -This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Cemetery Fund - This fund receives charges for services for sale of cemetery lots.

**VILLAGE OF CLARINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Enterprise Debt Retirement Fund - This fund is used to retire note and bond debt of the enterprise funds.

4. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other trust funds are classified as Expendable. The Village had the following significant Fiduciary Funds:

Cemetery Endowment Fund - This Nonexpendable Trust Fund receives interest from investments for operation and maintenance of the Village Cemetery.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**VILLAGE OF CLARINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 142,100	\$ 186,395
Certificates of deposit	<u>151,935</u>	<u>62,001</u>
Total deposits	<u>294,035</u>	<u>248,396</u>
Treasury Notes	<u>1,000</u>	<u>1,000</u>
Total investments	<u>1,000</u>	<u>1,000</u>
Total deposits and investments	<u><u>\$ 295,035</u></u>	<u><u>\$ 249,396</u></u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, and/or (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

VILLAGE OF CLARINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,820	\$ 39,582	\$ (15,238)
Special Revenue	16,700	17,025	325
Enterprise	158,100	177,033	18,933
Fiduciary	300	3,952	3,652
Total	<u>\$ 229,920</u>	<u>\$ 237,592</u>	<u>\$ 7,672</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 46,787	\$ 24,459	\$ 22,328
Special Revenue	21,705	19,270	2,435
Enterprise	288,169	145,374	142,795
Fiduciary	2,100	2,888	(788)
Total	<u>\$ 358,761</u>	<u>\$ 191,991</u>	<u>\$ 166,770</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 37,600	\$ 39,337	\$ 1,737
Special Revenue	18,327	18,467	140
Enterprise	174,750	177,884	3,134
Fiduciary	2,300	4,250	1,950
Total	<u>\$ 232,977</u>	<u>\$ 239,938</u>	<u>\$ 6,961</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 44,216	\$ 34,345	\$ 9,871
Special Revenue	30,668	24,621	6,047
Enterprise	271,518	149,868	121,650
Fiduciary	0	0	0
Total	<u>\$ 346,402</u>	<u>\$ 208,834</u>	<u>\$ 137,568</u>

During both 1999 and 1998 the Village did not properly obtain the Clerk's prior certification for expenditures, contrary to Ohio Rev. Code Section 5705.41(D).

VILLAGE OF CLARINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 600,285	7.45%
Ohio Water Development Authority Loan	33,453	6.16%
Ohio Public Works Commission Loan	5,027	
Ohio Public Works Commission Loan	33,499	
Total	\$ 672,264	

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$689,992 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$30,814, including interest, over 25 years. The Village will repay the loan from utility charges to consumers. The Village has agreed to set rates at a sufficient level to repay OWDA.

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$39,034 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$1,564, including interest, over 24.5 years. The Village will repay the loan from utility charges to consumers. The Village has agreed to set rates at a sufficient level to repay OWDA.

The Ohio Public Works Commission (OPWC) loan relates to a bridge replacement project. The OPWC has approved up to \$10,054 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$ 503, over 10 years.

The Ohio Public Works Commission (OPWC) loan relates to a Village street resurfacing project. The OPWC has approved up to \$47,856 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$1,196, over 20 years.

VILLAGE OF CLARINGTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT (Continued)

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

Year ending December 31:	OWDA Loan	OWDA Loan	OPWC Loan	OPWC Loan
2000	\$ 61,629	\$ 3,128	\$ 1,005	\$ 2,393
2001	61,629	3,128	1,005	2,393
2002	61,629	3,128	1,005	2,393
2003	61,629	3,128	1,006	2,393
2004	61,629	3,128	1,006	2,393
Subsequent	801,171	40,655	0	21,534
Total	<u>\$ 1,109,316</u>	<u>\$ 56,295</u>	<u>\$ 5,027</u>	<u>\$ 33,499</u>

6. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and Omissions

The Village also provides health insurance to full-time employees through a private carrier.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

Village of Clarington
Monroe County
P. O. Box 215
Clarington, Ohio 43915

To the Village Council:

We have audited the accompanying financial statements of the Village of Clarington, Monroe County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-31056-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 19, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 19, 2000

**VILLAGE OF CLARINGTON
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-31056-001

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time of completing the certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

- B. Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

Thirty percent of transactions we tested in 1999 and forty-seven percent of the transactions we tested in 1998 did not include prior certification of the Clerk/Treasurer, nor was there evidence of a "then and now" certificate being used by the Clerk/Treasurer.

We recommend the Clerk/Treasurer certify the availability of funds prior to the cash expenditure, and to encumber the entire amount of the invoice at the time the purchase order is approved.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF CLARINGTON

MONROE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 26, 2000**