



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CLARKSBURG
ROSS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Clarksburg, Ross County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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 Clarksburg, Ross County, Ohio, as of December 31, 2001 and December 31, 2000, 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 May 31, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

JIM PETRO
Auditor of State

May 31, 2002

**VILLAGE OF CLARKSBURG
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types		
	General Fund	Special Revenue Fund	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 6,860	\$ 736	\$ 7,596
Intergovernmental Receipts	53,156	13,718	66,874
Fines, Licenses, and Permits	852	-	852
Earnings on Investments	5,691	171	5,862
Miscellaneous	4,198	-	4,198
	70,757	14,625	85,382
Cash Disbursements:			
Current:			
Security of Persons and Property	4,541	614	5,155
Leisure Time Activities	700	-	700
Transportation	-	11,936	11,936
General Government	42,947	-	42,947
Capital Outlay	-	1,090	1,090
	48,188	13,640	61,828
Total Cash Disbursements	48,188	13,640	61,828
Total Receipts Over/(Under) Disbursements	22,569	985	23,554
Fund Cash Balances, January 1	78,608	17,959	96,567
Fund Cash Balances, December 31	\$ 101,177	\$ 18,944	\$ 120,121
Reserves for Encumbrances, December 31	\$ 569	\$ 159	\$ 728

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

**VILLAGE OF CLARKSBURG
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Enterprise Funds
Operating Cash Receipts:	
Charges for Services	\$113,894
Total Operating Cash Receipts	113,894
Operating Cash Disbursements:	
Personal Services	38,652
Fringe Benefits	2,512
Contractual Services	24,680
Supplies and Materials	8,357
Capital Outlay	78,360
Total Operating Cash Disbursements	152,561
Operating Income/(Loss)	(38,667)
Non-Operating Cash Receipts:	
Interest	475
Proceeds from Notes	50,804
Total Non-Operating Cash Receipts	51,279
Non-Operating Cash Disbursements:	
Miscellaneous	
Debt Service	41,179
Total Non-Operating Cash Disbursements	41,179
Excess of Receipts Over/(Under) Disbursements	(28,567)
Fund Cash Balances, January 1	165,952
Fund Cash Balances, December 31	\$137,385
Reserve for Encumbrances, December 31	\$14,848

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

**VILLAGE OF CLARKSBURG
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 6,642	\$ 699	\$ 7,341
Intergovernmental Receipts	61,239	13,288	74,527
Earnings on Investments	6,696	126	6,822
Miscellaneous	2,524	47	2,571
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	77,101	14,160	91,261
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	3,892	619	4,511
Leisure Time Activities	1,034	-	1,034
Transportation	2,505	13,710	16,215
General Government	47,395	-	47,395
Capital Outlay	100	-	100
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	54,926	14,329	69,255
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	22,175	(169)	22,006
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	56,433	18,128	74,561
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Fund Cash Balances, December 31	\$ 78,608	\$ 17,959	\$ 96,567
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Reserves for Encumbrances, December 31	\$ 4,628	\$ 225	\$ 4,853
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CLARKSBURG
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Enterprise Fund
Operating Cash Receipts:	
Charges for Services	\$113,240
Total Operating Cash Receipts	113,240
Operating Cash Disbursements:	
Personal Services	30,925
Contractual Services	23,799
Supplies and Materials	8,054
Capital Outlay	5,000
Total Operating Cash Disbursements	67,778
Operating Income/(Loss)	45,462
Non-Operating Cash Receipts:	
Interest	808
Total Non-Operating Cash Receipts	808
Non-Operating Cash Disbursements:	
Debt Service	37,572
Total Non-Operating Cash Disbursements	37,572
Excess of Receipts Over/(Under) Disbursements	8,698
Fund Cash Balances, January 1	157,254
Fund Cash Balances, December 31	\$165,952
Reserve for Encumbrances, December 31	\$2,038

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

**VILLAGE OF CLARKSBURG
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Clarksburg, Ross 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 water and sewer utilities, and park operations. The Village contracts with the Ross County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

**VILLAGE OF CLARKSBURG
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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.

OWDA Debt Service Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. This loan will be repaid from a utility surcharge, also accounted for in this fund.

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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 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.

**VILLAGE OF CLARKSBURG
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash 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:

	2001	2000
Demand deposits	\$257,506	\$262,519

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,183	\$70,757	\$4,574
Special Revenue	14,867	14,625	(242)
Enterprise	169,250	165,173	(4,077)
Total	\$250,300	\$250,555	\$255

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$76,684	\$48,757	\$27,927
Special Revenue	20,394	13,799	6,595
Enterprise	281,926	208,588	73,338
Total	\$379,004	\$271,144	\$107,860

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,122	\$77,101	\$12,979
Special Revenue	14,847	14,160	(687)
Enterprise	121,050	114,048	(7,002)
Total	\$200,019	\$205,309	\$5,290

**VILLAGE OF CLARKSBURG
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$86,752	\$59,554	\$27,198
Special Revenue	29,335	14,554	14,781
Enterprise	160,936	107,388	53,548
Total	\$277,023	\$181,496	\$95,527

4. CORRECTION OF AN ERROR

The following corrections were deemed necessary to properly reflect fund type balances as of January 1, 2000:

<u>Fund Type</u>	<u>December 31, 1999</u>	<u>Correction</u>	<u>January 1, 2000</u>
General	\$63,791	(\$7,358)	\$56,433
Special Revenue	10,770	7,358	18,128

5. PROPERTY TAX

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

**VILLAGE OF CLARKSBURG
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$308,884	4.74%,
Ohio Water Development Authority	50,804	7.55%
Total	\$359,688	

The Ohio Water Development Authority (OWDA) loan relates to sewer plant improvement projects that were mandated by the Ohio Environmental Protection Agency. The OWDA granted up to \$414,000 in loans at an annual interest rate at 4.74% to make needed sewer plant improvements, as well, as another loan up to \$60,000 at 7.55% annual interest rate for the rehabilitation of the sewer lines. The loans will be repaid in semiannual installments of \$22,588, including interest, over the next 20 years. The loans are collateralized by the Village water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

	OWDA Loans
Year ending December 31:	
2002	45,176
2003	45,176
2004	45,176
2005	45,176
2006	45,176
2007-2011	222,078
2012-2015	131,504
Total	\$579,462

7. RETIREMENT SYSTEMS

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. The 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. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**VILLAGE OF CLARKSBURG
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

8. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-occurrence limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	19,358,458	\$17,112,129
Liabilities	<u>(8,827,588)</u>	<u>(7,715,035)</u>
Retained earnings	<u>\$10,530,870</u>	<u>\$9,397,094</u>

VILLAGE OF CLARKSBURG
ROSS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

8. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	1,890,323	\$1,575,614
Liabilities	<u>(469,100)</u>	<u>(281,561)</u>
Retained earnings	<u>\$1,421,223</u>	<u>\$1,294,053</u>

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Clarksburg, Ross County, Ohio (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated May 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we 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 no instance of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated May 31, 2002.

Internal Control Over Financial Reporting

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

Village of Clarksburg
Ross County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

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

JIM PETRO
Auditor of State

May 31, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
Columbus, Ohio 43216-1140
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VILLAGE OF CLARKSBURG

ROSS 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
JUNE 25, 2002**