

VILLAGE OF CLARKSBURG

ROSS COUNTY

REGULAR AUDIT

JANUARY 1, 2006 THROUGH DECEMBER 31, 2007

FISCAL YEARS AUDITED UNDER GAGAS: 2007 & 2006

**Caudill & Associates, CPA's**

725 5<sup>th</sup> Street

Portsmouth, OH 45662





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Clarksburg, Ross County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2006 through December 31, 2007. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 12, 2008

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 Ross County, Ohio  
 For the Years Ended December 31, 2007 and 2006  
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# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

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Village of Clarksburg  
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10849 Main Street  
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We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Clarksburg, Ross County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006 which collectively comprise the Village's basic financial statements. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 audits 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 opinions.

As discussed in Note 2, the Village has prepared these financial statements and notes using the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-cash basis of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Clarksburg, Ross County, Ohio as of December 31, 2007 and 2006, and the respective changes in financial position-cash basis and the respective budgetary comparisons for the General Fund and Street Construction, Maintenance and Repair Fund, thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis at pages 3-9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

*Caudill & Associates, CPAs*

Caudill & Associates, CPA's

January 31, 2008



Village of Clarksburg  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
Unaudited

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This management discussion and analysis of the Village of Clarksburg's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007, and 2006, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

### **Highlights**

Key highlights for 2007 and 2006 are as follows:

2007 Net assets of governmental activities decreased slightly \$923 or 0.47%, a small decrease from the prior year. The fund most affected by the decrease in cash and cash equivalents was the general fund which decreased \$18,094 or 13%, due to a purchase of land. The decrease was offset by the Street Construction, Maintenance and Repair Fund which had significant increase of receipts versus expenditures.

2006 Net assets of governmental activities increased \$37,851 or 24.15%, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund and Street Construction, Maintenance and Repair Fund. The General Fund's intergovernmental receipts increased substantially, while expenditures related to leisure time activities decrease significantly. Expenditures on roads remained consistent with the 2005 level, and revenues from gas tax monies were also consistent, which, provided an excess of receipts over disbursements for the Street Construction, Maintenance and Repair Fund.

The Village's general receipts are primarily property and intergovernmental receipts. These receipts represent respectively 88.2% of the total cash received for governmental activities during 2007 and 88.7% of the total cash received for governmental activities during 2006. Property tax receipts changed very little from 2005 to 2006; however, intergovernmental receipts increased 18.5% or \$15,169 due to new grants received by the Village. In 2007, intergovernmental receipts decreased 10.71% from 2006 to 2007 mainly due to the prior year grants, and a decrease in gas tax monies.

2007 Net assets of business-type activities decreased \$10,104 or 5.47%. This 2007 decrease was mainly due to \$28,000 expenditures for sewer upgrades and improvements. 2006 Net assets of business-type activities increased \$13,415 or 7.84% due to lower contractual services payments.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

#### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular

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specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

### **Reporting the Village as a Whole**

The Statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2007 and 2006, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances of the governmental and business-type activities of the Village at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program and business type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities: Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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Business-type activity: The Village has two business-type activities, the provisions of water and sewer services. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund and the Street, Maintenance and Repair Fund. These programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has four enterprise funds, Water, Sewer, Sewer OWDA, and Sewer CDBG grant fund.

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a cash basis :

(Table 1)

	<b>Net Assets</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Assets</b>						
Cash and Cash Equivalents	\$193,639	\$194,562	\$174,316	\$184,420	\$367,955	\$378,982
Total Assets	<u>\$193,639</u>	<u>\$194,562</u>	<u>\$174,316</u>	<u>\$184,420</u>	<u>\$367,955</u>	<u>\$378,982</u>
<b>Net Assets</b>						
Restricted for:						
Other Purposes	\$75,536	\$57,924	\$ -	\$ -	\$75,536	\$57,924
Unrestricted	<u>118,103</u>	<u>136,638</u>	<u>174,316</u>	<u>184,420</u>	<u>292,419</u>	<u>321,058</u>
Total Net Assets	<u>\$193,639</u>	<u>\$194,562</u>	<u>\$174,316</u>	<u>\$184,420</u>	<u>\$367,955</u>	<u>\$378,982</u>

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As mentioned previously, net assets of governmental activities decreased slightly by \$923 during 2007, or 0.47%. The decrease was mainly driven by the purchase of land made from the General Fund.

Table 2 reflects the changes in net assets in 2007 and 2006.

**Table 2- Changes in Net Assets**

	Governmental Activities 2007	Governmental Activities 2006	Business Type Activities 2007	Business Type Activities 2006
<b>Receipts:</b>				
Program Receipts:				
Charges for Services and Sales	\$2,332	\$2,088	\$142,905	\$142,559
Operating Grants and Contributions	19,808	20,959	-	-
Capital Grants and Contributions	-	-	-	-
<b>Total Program Receipts</b>	<b>\$22,140</b>	<b>\$23,047</b>	<b>\$142,905</b>	<b>\$142,559</b>
General Receipts:				
Property and Other Local Taxes	8,931	8,894	-	-
Grants and Entitlements Not Restricted to Specific Programs	66,971	76,236	-	-
Proceeds from OWDA Loan	-	-	972	2,689
Interest	8,964	8,763	1,917	1,872
Miscellaneous	1,468	2,631	-	-
<b>Total General Receipts</b>	<b>86,334</b>	<b>96,524</b>	<b>2,889</b>	<b>4,561</b>
<i>Total Receipts</i>	<u>108,474</u>	<u>119,571</u>	<u>145,794</u>	<u>147,120</u>
<b>Disbursements:</b>				
General Government	68,337	63,784	-	-
Security of Persons and Property	4,407	5,229	-	-
Leisure Time Activities	1,522	5,193	-	-
Transportation	2,717	3,813	-	-
Capital Outlay	32,414	3,701	-	-
Water	-	-	65,013	31,035
Sewer	-	-	90,885	102,670
<i>Total Disbursements</i>	<u>109,397</u>	<u>81,720</u>	<u>155,898</u>	<u>133,705</u>
Increase in Net Assets	(923)	37,851	(10,104)	13,415
Net Assets Beginning of Year	<u>194,562</u>	<u>156,711</u>	<u>184,420</u>	<u>171,005</u>
Net Assets End of Year	<u>\$193,639</u>	<u>\$194,562</u>	<u>\$174,316</u>	<u>\$184,420</u>

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Program receipts represent 20.4% of total receipts of governmental activities for 2007 and 19.3% for 2006 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 79.6% of the Village's total receipts for governmental activities for 2007 and 80.7% of total receipts of governmental activities for 2006, and of this amount, approximately 10.3% are property and other local taxes for 2007 and 9.21% are property and other local taxes for 2006. State and federal grants and entitlements make up the majority of the balance of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the clerk, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to the General Fund unrestricted receipts.

Security of Persons and Property are the costs of protecting the Village and its citizens; Leisure Time Activities are the costs of maintaining the parks and playing fields; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities on page 12 & 13 for 2007 and 2006, respectively, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, which account for 62.5% of all governmental disbursements in 2007 and for 78.0% in 2006. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$68,337	\$66,005	\$63,784	\$61,696
Security of Persons and Property	4,407	4,407	5,229	5,229
Leisure Time Activities	1,522	1,522	5,193	5,193
Transportation	2,717	(17,091)	3,813	(17,146)
Capital Outlay	32,414	32,414	3,701	3,701
Total Expenses	<u>\$109,397</u>	<u>\$87,257</u>	<u>\$81,720</u>	<u>\$58,673</u>

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The dependence upon general receipts is apparent as over 79.6% of governmental activities, in 2007, are supported by these general receipts.

**Business-type activities**

The water and sewer operations of the Village are relatively large and routinely reports receipts and cash disbursements that are relatively equal.

**The Village's Funds**

Total governmental funds had receipts of \$108,474 and disbursements of \$109,397 for 2007. The greatest change within governmental funds occurred within the General Fund. The decrease in the General Fund balance was mainly due to the purchase of a land, annexing the water well, made by the Village in 2007.

Total governmental funds had receipts of \$119,571 and disbursements of \$81,720 for 2006. The greatest change within governmental funds occurred within the General and Street Funds. The Increase in fund balance in the General Fund was due to an increase in intergovernmental receipts and a decrease in expenditures. The increase in fund balance of the Street Funds was mainly due to increase in gas tax monies and reduced expenditures and a proactive budgeting by the Clerk and Council.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were greater than original budgeted receipts due to grants and receipts expected from other governments being higher than originally expected.

Final disbursements were budgeted at 171,068 for 2007 while actual disbursements were \$104,161. For 2006, final budgeted disbursements were \$147,875 while actual disbursements were \$76,375. The primary factor contributing to this was 2007 expenditures being approximately \$66,907 below budgeted amounts and 2006 expenditures being approximately \$71,500 below budgeted amounts. This was achieved by keeping equipment purchases and capital improvements to amounts that were of an immediate need.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2007, the Village's outstanding debt included \$232,873 in OWDA loans and OPWC loan of \$128,702 issued for improvements to the water and sewer plant. For further information regarding the Village's debt, refer to Note 7 to the basic financial statements.

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Management's Discussion and Analysis  
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**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on intergovernmental revenues and have a small local tax base. Our newly prepared financial forecast predicts a positive change in fund balances for 2008.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kathy Dickey, Fiscal Officer, Village of Clarksburg, 10849 Main Street, P.O. Box 187, Clarksburg, Ohio 43115.

**Village of Clarksburg**  
Statement of Net Assets - Cash Basis  
December 31, 2007

	Governmental Activities	Business - Type Activities	Total
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 193,639	\$ 174,316	\$ 367,955
 <b><u>Net Assets:</u></b>			
Restricted for:			
Other Purposes	75,536	-	75,536
Unrestricted	118,103	174,316	292,419
 <i>Total Net Assets</i>	 \$ 193,639	 \$ 174,316	 \$ 367,955

See Accompanying Notes to the Basic Financial Statements



**Village of Clarksburg**  
Statement of Net Assets - Cash Basis  
December 31, 2006

	Governmental Activities	Business - Type Activities	Total
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$ 194,562	\$ 184,420	\$ 378,982
	194,562	184,420	378,982
<b><u>Net Assets:</u></b>			
Restricted for:			
Other Purposes	57,924	-	57,924
Unrestricted	136,638	184,420	321,058
	136,638	184,420	321,058
<i>Total Net Assets</i>	\$ 194,562	\$ 184,420	\$ 378,982
	194,562	184,420	378,982

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Governmental Activities:</u></b>							
General Government	\$ 68,337	\$ 2,332	\$ -	\$ -	\$ (66,005)	\$ -	(\$66,005)
Security of Persons and Property	4,407	-	-	-	(4,407)	-	(\$4,407)
Leisure Time Activities	1,522	-	-	-	(1,522)	-	(1,522)
Transportation	2,717	-	19,808	-	17,091	-	17,091
Capital Outlay	32,414	-	-	-	(32,414)	-	(32,414)
<i>Total Governmental Activities</i>	<u>109,397</u>	<u>2,332</u>	<u>19,808</u>	<u>-</u>	<u>(87,257)</u>	<u>-</u>	<u>(87,257)</u>
<b><u>Business Type Activities:</u></b>							
Water	65,013	53,041	-	-	-	(11,972)	(11,972)
Sewer	90,885	89,864	-	-	-	(1,021)	(1,021)
<i>Total Business Type Activities</i>	<u>155,898</u>	<u>142,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,993)</u>	<u>(12,993)</u>
<b>Total</b>	<u>\$ 265,295</u>	<u>\$ 145,237</u>	<u>\$ 19,808</u>	<u>\$ -</u>	<u>\$ (87,257)</u>	<u>\$ (12,993)</u>	<u>\$ (100,250)</u>
Property and Other Taxes Levied for							
General Purposes					8,931	-	8,931
Grants and Entitlements not							
Restricted to Specific Programs					66,971	-	66,971
Proceeds from OWDA Loan					-	972	
Interest					8,964	1,917	10,881
Miscellaneous					1,468	-	1,468
<i>Total General Receipts</i>					<u>86,334</u>	<u>2,889</u>	<u>88,251</u>
Change in Net Assets					(923)	(10,104)	(11,027)
<i>Net Assets Beginning of Year</i>					<u>194,562</u>	<u>184,420</u>	<u>378,982</u>
<i>Net Assets End of Year</i>					<u>\$ 193,639</u>	<u>\$ 174,316</u>	<u>\$367,955</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Governmental Activities:</u></b>							
General Government	\$ 63,784	\$ 2,088	\$ -	\$ -	\$ (61,696)	\$ -	(\$61,696)
Security of Persons and Property	5,229	-	-	-	(5,229)	-	(\$5,229)
Leisure Time Activities	5,193	-	-	-	(5,193)	-	(5,193)
Transportation	3,813	-	20,959	-	17,146	-	17,146
Capital Outlay	3,701	-	-	-	(3,701)	-	(3,701)
<i>Total Governmental Activities</i>	<u>81,720</u>	<u>2,088</u>	<u>20,959</u>	<u>-</u>	<u>(58,673)</u>	<u>-</u>	<u>(58,673)</u>
<b><u>Business Type Activities:</u></b>							
Water	31,035	52,426	-	-	-	21,391	21,391
Sewer	102,670	90,133	-	-	-	(12,537)	(12,537)
<i>Total Business Type Activities</i>	<u>133,705</u>	<u>142,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,854</u>	<u>8,854</u>
<b>Total</b>	<u>\$ 215,425</u>	<u>\$ 144,647</u>	<u>\$ 20,959</u>	<u>\$ -</u>	<u>\$ (58,673)</u>	<u>\$ 8,854</u>	<u>\$ (49,819)</u>
Property and Other Taxes Levied for General Purposes					8,894	-	8,894
Grants and Entitlements not Restricted to Specific Programs					76,236	-	76,236
Proceeds from OWDA Loan					-	2,689	2,689
Interest					8,763	1,872	10,635
Miscellaneous					2,631	-	2,631
<i>Total General Receipts</i>					<u>96,524</u>	<u>4,561</u>	<u>98,396</u>
Change in Net Assets					37,851	13,415	51,266
<i>Net Assets Beginning of Year</i>					<u>156,711</u>	<u>171,005</u>	<u>327,716</u>
<i>Net Assets End of Year</i>					<u>\$ 194,562</u>	<u>\$ 184,420</u>	<u>\$378,982</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Cash Basis Assets and Fund Balances - Governmental Funds  
December 31, 2007

	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 118,704	\$ 67,961	\$ 6,974	\$ 193,639
<b><u>Fund Balances:</u></b>				
Reserved:				
Reserved for Encumbrances	\$ 601	\$ 350	\$ -	\$ 951
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	118,103	-	-	118,103
Special Revenue Funds	-	67,611	6,974	74,585
<b>Total Fund Balances</b>	<b>\$ 118,704</b>	<b>\$ 67,961</b>	<b>\$ 6,974</b>	<b>\$ 193,639</b>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Cash Basis Assets and Fund Balances - Governmental Funds  
December 31, 2006

	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$ 136,798	\$ 50,290	\$ 7,474	\$ 194,562
<b><u>Fund Balances:</u></b>				
Reserved:				
Reserved for Encumbrances	\$ 160	\$ -	\$ -	\$ 160
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	136,638	-	-	136,638
Special Revenue Funds	-	50,290	7,474	57,764
<b>Total Fund Balances</b>	<b>\$ 136,798</b>	<b>\$ 50,290</b>	<b>\$ 7,474</b>	<b>\$ 194,562</b>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds  
For the Year Ended December 31, 2007

	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 8,209	\$ -	\$ 722	\$ 8,931
Intergovernmental	66,971	18,247	1,561	86,779
Fines, Licenses and Permits	2,332	-	-	2,332
Interest	7,087	1,679	198	8,964
Miscellaneous	1,468	-	-	1,468
<i>Total Receipts</i>	<u>86,067</u>	<u>19,926</u>	<u>2,481</u>	<u>108,474</u>
<b><u>Disbursements:</u></b>				
Current:				
General Government	68,318	-	19	68,337
Security of Persons and Property	3,807	-	600	4,407
Leisure Time Activities	1,522	-	-	1,522
Transportation	-	2,255	462	2,717
Capital Outlay	30,514	-	1,900	32,414
<i>Total Disbursements</i>	<u>104,161</u>	<u>2,255</u>	<u>2,981</u>	<u>109,397</u>
Net Change in Fund Balances	(18,094)	17,671	(500)	(923)
Fund Balances Beginning of Year	<u>136,798</u>	<u>50,290</u>	<u>7,474</u>	<u>194,562</u>
Fund Balances End of Year	<u>\$ 118,704</u>	<u>\$ 67,961</u>	<u>\$ 6,974</u>	<u>\$ 193,639</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds  
For the Year Ended December 31, 2006

	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 8,191	\$ -	\$ 703	\$ 8,894
Intergovernmental	76,236	19,294	1,665	97,195
Fines, Licenses and Permits	2,088	-	-	2,088
Interest	7,303	1,258	202	8,763
Miscellaneous	2,631	-	-	2,631
<i>Total Receipts</i>	<u>96,449</u>	<u>20,552</u>	<u>2,570</u>	<u>119,571</u>
<b><u>Disbursements:</u></b>				
Current:				
General Government	62,852	-	932	63,784
Security of Persons and Property	4,629	-	600	5,229
Leisure Time Activities	5,193	-	-	5,193
Transportation	-	3,797	16	3,813
Capital Outlay	3,701	-	-	3,701
<i>Total Disbursements</i>	<u>76,375</u>	<u>3,797</u>	<u>1,548</u>	<u>81,720</u>
Net Change in Fund Balances	20,074	16,755	1,022	37,851
Fund Balances Beginning of Year	<u>116,724</u>	<u>33,535</u>	<u>6,452</u>	<u>156,711</u>
Fund Balances End of Year	<u>\$ 136,798</u>	<u>\$ 50,290</u>	<u>\$ 7,474</u>	<u>\$ 194,562</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		Actual	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 8,115	\$ 8,209	\$8,209	\$ -
Intergovernmental	49,933	66,971	66,971	-
Fines, Licenses and Permits	3,200	2,332	2,332	-
Interest	3,400	7,087	7,087	-
Miscellaneous	100	1,468	1,468	-
<i>Total Receipts</i>	<u>64,748</u>	<u>86,067</u>	<u>86,067</u>	<u>-</u>
<b><u>Disbursements:</u></b>				
Current:				
General Government	97,441	96,938	68,318	28,620
Security of Persons and Property	10,460	4,365	3,807	558
Leisure Time Activities	8,765	8,765	1,522	7,243
Capital Outlay	23,209	61,000	30,514	30,486
<i>Total Disbursements</i>	<u>139,875</u>	<u>171,068</u>	<u>104,161</u>	<u>66,907</u>
Net Change in Fund Balance	<u>(75,127)</u>	<u>(85,001)</u>	<u>(18,094)</u>	<u>66,907</u>
Fund Balance Beginning of Year	133,448	133,448	133,448	-
Prior Year Encumbrances Appropriated	<u>3,350</u>	<u>3,350</u>	<u>3,350</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 61,671</u>	<u>\$ 51,797</u>	<u>\$ 118,704</u>	<u>\$ 66,907</u>

See Accompanying Notes to the Basic Financial Statements



**Village of Clarksburg**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		Actual	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Property and Other Local Taxes	\$ 7,987	\$ 8,191	\$8,191	\$ -
Intergovernmental	74,339	76,236	76,236	-
Fines, Licenses and Permits	1,700	2,088	2,088	-
Interest	4,500	7,303	7,303	-
Miscellaneous	388	2,631	2,631	-
<i>Total Receipts</i>	<u>88,914</u>	<u>96,449</u>	<u>96,449</u>	<u>-</u>
<b><u>Disbursements:</u></b>				
Current:				
General Government	101,963	101,963	62,852	39,111
Security of Persons and Property	8,590	8,590	4,629	3,961
Leisure Time Activities	8,100	8,100	5,193	2,907
Capital Outlay	29,222	29,222	3,701	25,521
<i>Total Disbursements</i>	<u>147,875</u>	<u>147,875</u>	<u>76,375</u>	<u>71,500</u>
Net Change in Fund Balance	<u>(58,961)</u>	<u>(51,426)</u>	<u>20,074</u>	<u>71,500</u>
Fund Balance Beginning of Year	116,564	116,564	116,564	-
Prior Year Encumbrances Appropriated	<u>160</u>	<u>160</u>	<u>160</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 57,763</u>	<u>\$ 65,298</u>	<u>\$ 136,798</u>	<u>\$ 71,500</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Receipts:</u></b>				
Intergovernmental	\$ 11,600	\$ 18,247	\$ 18,247	\$ -
Interest	100	1,679	1,679	-
<i>Total Receipts</i>	<u>11,700</u>	<u>19,926</u>	<u>19,926</u>	<u>-</u>
<b><u>Disbursements:</u></b>				
Current:				
Transportation	<u>27,000</u>	<u>25,300</u>	<u>2,255</u>	<u>23,045</u>
<i>Total Disbursements</i>	<u>27,000</u>	<u>25,300</u>	<u>2,255</u>	<u>23,045</u>
Net Change in Fund Balance	<u>(15,300)</u>	<u>(5,374)</u>	<u>17,671</u>	<u>23,045</u>
Fund Balance Beginning of Year	50,290	50,290	50,290	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 34,990</u>	<u>\$ 44,916</u>	<u>\$ 67,961</u>	<u>\$ 23,045</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Street Construction, Maintenance and Repair Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<b><u>Receipts:</u></b>				
Intergovernmental	\$ 15,725	\$ 19,294	\$ 19,294	\$ -
Interest	375	1,258	1,258	-
<i>Total Receipts</i>	<u>16,100</u>	<u>20,552</u>	<u>20,552</u>	<u>-</u>
<b><u>Disbursements:</u></b>				
Current:				
General Government	2,000	2,000	-	2,000
Transportation	25,000	25,000	3,797	21,203
<i>Total Disbursements</i>	<u>27,000</u>	<u>27,000</u>	<u>3,797</u>	<u>23,203</u>
Net Change in Fund Balance	<u>(10,900)</u>	<u>(6,448)</u>	<u>16,755</u>	<u>23,203</u>
Fund Balance Beginning of Year	33,535	33,535	33,535	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 22,635</u>	<u>\$ 27,087</u>	<u>\$ 50,290</u>	<u>\$ 23,203</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Fund Net Assets - Cash Basis  
Enterprise Funds  
December 31, 2007

Business - Type Activities

	Water	Sewer	Enterprise Debt Service	Non-Major Enterprise	Total Enterprise Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 66,385	\$ 34,551	\$ 55,247	\$ 18,133	\$ 174,316
	\$ 66,385	\$ 34,551	\$ 55,247	\$ 18,133	\$ 174,316
<b><u>Net Assets:</u></b>					
Unrestricted	\$ 66,385	\$ 34,551	\$ 55,247	\$ 18,133	\$ 174,316
	\$ 66,385	\$ 34,551	\$ 55,247	\$ 18,133	\$ 174,316

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Fund Net Assets - Cash Basis  
Enterprise Funds  
December 31, 2006

Business - Type Activities

	Water	Sewer	Enterprise Debt Service	Non-Major Enterprise	Total Enterprise Funds
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 88,867	\$ 26,555	\$ 52,571	\$ 16,427	\$ 184,420
<b><u>Net Assets:</u></b>					
Unrestricted	\$ 88,867	\$ 26,555	\$ 52,571	\$ 16,427	\$ 184,420

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Cash Receipts  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Enterprise Funds  
For the Year Ended December 31, 2007

	Water	Sewer	Sewer OWDA Debt Service	Non-Major Enterprise	Total Enterprise Funds
<b><u>Operating Receipts:</u></b>					
Charges for Services	\$ 53,041	\$ 43,757	\$ 43,757	\$ 2,350	\$ 142,905
<i>Total Operating Receipts</i>	<u>53,041</u>	<u>43,757</u>	<u>43,757</u>	<u>2,350</u>	<u>142,905</u>
<b><u>Operating Disbursements:</u></b>					
Current:					
Personal Services	18,967	23,336	-	-	42,303
Fringe Benefits	1,046	1,345	-	-	2,391
Contractual Services	10,040	10,648	-	972	21,660
Supplies and Materials	6,960	432	-	-	7,392
Miscellaneous	-	-	-	2,300	2,300
Capital Outlay	28,000	-	-	-	28,000
<i>Total Operating Disbursements</i>	<u>65,013</u>	<u>35,761</u>	<u>-</u>	<u>3,272</u>	<u>104,046</u>
<i>Operating Income (Loss)</i>	<u>(11,972)</u>	<u>7,996</u>	<u>43,757</u>	<u>(922)</u>	<u>38,859</u>
<b><u>Non-Operating Receipts (Disbursements)</u></b>					
Proceeds from OWDA Loan	-	-	-	972	972
Interest Revenue	-	-	1,718	199	1,917
Principal	-	-	(25,569)	(9,053)	(34,622)
Interest & Fiscal Charges	-	-	(17,230)	-	(17,230)
<i>Total Non-Operating Receipts/Disbursements</i>	<u>-</u>	<u>-</u>	<u>(41,081)</u>	<u>(7,882)</u>	<u>(48,963)</u>
<i>Income (Loss) before Transfers</i>	<u>(11,972)</u>	<u>7,996</u>	<u>2,676</u>	<u>(8,804)</u>	<u>(10,104)</u>
Transfers in	-	-	-	10,510	10,510
Transfers out	(10,510)	-	-	-	(10,510)
<i>Change in Net Assets</i>	<u>(22,482)</u>	<u>7,996</u>	<u>2,676</u>	<u>1,706</u>	<u>(10,104)</u>
<i>Net Assets, Beginning of Year</i>	<u>88,867</u>	<u>26,555</u>	<u>52,571</u>	<u>16,427</u>	<u>184,420</u>
<i>Net Assets, End of Year</i>	<u>\$ 66,385</u>	<u>\$ 34,551</u>	<u>\$ 55,247</u>	<u>\$ 18,133</u>	<u>\$ 174,316</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Statement of Cash Receipts  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Enterprise Funds  
For the Year Ended December 31, 2006

	Water	Sewer	Sewer OWDA Debt Service	Non-Major Enterprise	Total Enterprise Funds
<b><u>Operating Receipts:</u></b>					
Charges for Services	\$ 52,426	\$ 42,645	\$ 45,388	\$ 2,100	\$ 142,559
<i>Total Operating Receipts</i>	<u>52,426</u>	<u>42,645</u>	<u>45,388</u>	<u>2,100</u>	<u>142,559</u>
<b><u>Operating Disbursements:</u></b>					
Current:					
Personal Services	17,906	23,029	-	-	40,935
Fringe Benefits	1,256	1,561	-	-	2,817
Contractual Services	5,508	17,374	-	2,689	25,571
Supplies and Materials	6,365	1,606	-	-	7,971
Miscellaneous	-	-	-	3,450	3,450
Capital Outlay	-	1,962	-	-	1,962
<i>Total Operating Disbursements</i>	<u>31,035</u>	<u>45,532</u>	<u>-</u>	<u>6,139</u>	<u>82,706</u>
<i>Operating Income (Loss)</i>	<u>21,391</u>	<u>(2,887)</u>	<u>45,388</u>	<u>(4,039)</u>	<u>59,853</u>
<b><u>Non-Operating Receipts (Disbursements)</u></b>					
Proceeds from OWDA Loan	-	-	-	2,689	2,689
Interest Revenue	-	-	1,676	196	1,872
Principal	-	-	(23,904)	(8,303)	(32,207)
Interest & Fiscal Charges	-	-	(18,792)	-	(18,792)
<i>Total Non-Operating Receipts/Disbursements</i>	<u>-</u>	<u>-</u>	<u>(41,020)</u>	<u>(5,418)</u>	<u>(46,438)</u>
<i>Income (Loss) before Transfers</i>	21,391	(2,887)	4,368	(9,457)	13,415
Transfers in	-	-	-	10,510	10,510
Transfers out	(10,510)	-	-	-	(10,510)
<i>Change in Net Assets</i>	10,881	(2,887)	4,368	1,053	13,415
<i>Net Assets, Beginning of Year</i>	<u>77,986</u>	<u>29,442</u>	<u>48,203</u>	<u>15,374</u>	<u>171,005</u>
<i>Net Assets, End of Year</i>	<u>\$ 88,867</u>	<u>\$ 26,555</u>	<u>\$ 52,571</u>	<u>\$ 16,427</u>	<u>\$ 184,420</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 1 – Reporting Entity**

The Village of Clarksburg, Ross County, Ohio (the “Village”), is a body politic and corporate established in 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 elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

**Reporting Entity**

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Village are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police and fire protection services.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization’s governing body and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization’s resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt or the levying of taxes. There are no component units included as part of this report.

A joint venture is a legal entity or other organization that results from a contractual arrangement that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The Village has no joint ventures.

**Note 2 – Summary of Significant Accounting Policies**

**Fund Accounting**

The Village uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Village functions or activities. The operation of each fund is accounted for within a separate set of self-balancing set of accounts.



**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following are the Village's major governmental funds:

General Fund – The General Fund is the operating fund of the Village and is used to account for all financial resources except those required to be accounted for 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.

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

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

*Proprietary Funds*

The proprietary funds are used to account for the Village's ongoing activities that are similar to those found in the private sector. The only proprietary funds reported by the Village are enterprise funds. The following are the Village's major enterprise funds:

Water Fund – This fund receives charges for services from residents to cover the cost of treating and distributing water throughout the Village.

Sewer Fund – This fund receives charges for services from residents to cover the cost of collecting, treatment, and distribution of sewage throughout the Village.

Sewer OWDA Debt Service – This fund receives 53.7% of the charges for services from resident to cover the cost of repayment of the OWDA Sewer Debts.

Sewer CDBG Grant – This fund was established due to the Village receiving a grant for sewer system improvements and upgrades.

**Basis of Presentation**

The Village prepares its financial statements in accordance with the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. The Village's basic financial statements consist of government-wide statements, including a statement of net cash assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

*Government-wide Financial Statements*

The Statement of Net Assets and the Statement of Activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. The Village does have business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business type activities are financed in whole or part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the cash balance of the governmental and business-type activities of the Village at year end. The Statement of Activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Village's general receipts.

*Fund Financial Statements*

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

*Fund Accounting*

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories: governmental and proprietary.

*Basis of Accounting*

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village may appropriate.

The appropriations ordinance is the Village's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Village. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. In 2007, interest receipts credited to the General, Street Construction, Maintenance and Repair Funds were \$7,087 and \$1,679 respectively, while interest in Other Governmental Funds totaled \$198. In 2007, interest receipts in the Sewer OWDA fund were \$1,718, while interest in Non-Major Enterprise funds was \$199. In 2006, interest receipts credited to the General, Street Construction, Maintenance and Repair Funds were \$7,303 and \$1,258 respectively, while interest in Other Governmental Funds totaled \$202. In 2006, interest receipts in the Sewer OWDA fund were \$1,676, while interest in Non-Major Enterprise funds was \$196.

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets and Depreciation

Acquisitions of property, plant and equipment are recorded as disbursements when paid. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

Restricted Assets

Cash, cash equivalents on investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributions, grantors, or laws of other governments, or imposed by law through constitutional provision or enabling legislation.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term liabilities. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay disbursements are reported at inception. Lease payments are reported when paid.

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is not available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**Interfund Transactions**

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without the requirement for repayment are reported as transfers. Transfers are reported as other financing sources/uses in governmental funds. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the governmental-wide financial statements transfers within governmental activities or within business-type activities are eliminated.

**Note 3 – Compliance**

There was no material citation noted during the audit period.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at 2007 (budgetary basis) amounted to \$600 for the General Fund. The encumbrances outstanding at 2006 (budgetary basis) amounted to \$3,350 for the General Fund.

**Note 5 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 5 – Deposits and Investments (Continued)**

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, the carrying amount of the Village's deposits was \$367,955 and the bank balance was \$370,149. Of the bank balance, \$100,000 was insured by the FDIC, and \$270,149 was collateralized with securities held by the pledging financial institution, but not in the Village's name.

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 5 – Deposits and Investments (Continued)**

**Deposits (Continued)**

At December 31, 2006, the carrying amount of the Village's deposits was \$378,982 and the bank balance was \$384,467. Of the bank balance, \$100,000 was insured by the FDIC, and the remaining \$284,467 was collateralized with securities held by the pledging financial institution, but not in the Village's name.

The Village has no deposit policy for custodial credit risk beyond the requirements of State Statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security of repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes collected in and intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2006 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently assessed at 88 percent of its true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property Tax Assessed Valuation	\$3,017,120
Public Utility Personal	88,570
Tangible Personal Property	38,970
Total Assessed Value	<u><u>\$3,144,660</u></u>

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 7 – Debt**

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying financial statements.

The Village's long-term debt activity for the years ended December 31, 2007, was as follows:

	<u>Balance</u> <u>1/1/2006</u>	<u>Addition</u>	<u>Payments</u>	<u>12/31/2007</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Business-type Activities</u></b>					
1990 – OWDA Loan # 1522 interest rate at 7.55%	\$ 248,247		\$ 39,082	\$ 209,165	\$ 21,781
2001-OWDA Loan # 3510 interest rate at 4.74%	31,094		10,392	20,702	5,573
2006-OWDA Loan # 4545 interest rate at 5.09%	-	3,756	750	3,006	1,500
2003/2002 –OPWC Water Loan interest rate at 0%	145,307		16,605	128,702	8,303
	<u>\$ 424,648</u>	<u>\$ 3,756</u>	<u>\$ 66,829</u>	<u>\$ 361,575</u>	<u>\$ 37,157</u>

In 1990, the Village entered into a \$416,988 loan agreement with the Ohio Water Development Authority (OWDA) for the construction of a water/sewer plant. The loan carries an interest rate of 7.55% and is payable in twenty five (25) years. During fiscal year 2007, and 2006, principal payments accounted for \$20,252 and \$18,830, respectively. Interest payments were \$17,377 in 2006 and \$16,059 in 2007.

In 2001, the Village entered into a \$51,204 loan agreement with the Ohio Water Development Authority (OWDA) for sewer rehabilitation. The loan carries an interest rate of 4.74% and is payable in nine and half years. The loan's last payment is scheduled to be on July, 1, 2011. In fiscal year 2007 and 2006, principal payments were \$5,318, and \$5,074, respectively. Interest payments accounted for \$1,171, and 1,414, respectively.

In 2006, the Village entered into a \$30,000 loan with the Ohio Water Development Authority for sewer upgrade design. Interest rate for the loan was set at 5.09%. The loan is payable in four and half (4 ½) years, and the last payment is scheduled to be on July 1, 2012. The loan agreement provides for gradual payments to contractors. In Fiscal year 2006, a total of \$2,689 was disbursed, and \$972 was disbursed in 2007. During 2006, and 2007, a total of \$95 accrued interest was capitalized and added to the loan balance. Total principal payments for 2007 and 2006 were \$750 and \$0, respectively. No interest payment has been made for this loan. Principal payments are scheduled to be \$750 each 6 months, with a lump sum payment at the end of the loan on July 1, 2012 of \$23,345 in principal and \$6,776 in interests.

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 in twenty years (20). The final payment is scheduled on 7/1/2023. Total principal payments for 2007 and 2006 were \$8,303 for both years.



**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 7 – Debt (Continued)**

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

	<b>OWDA Loans</b>	
	<b>Principal</b>	<b>Interest</b>
Year ending December 31:		
2008	\$28,853	\$15,558
2009	30,765	13,766
2010	31,314	11,846
2011	30,265	9,789
2012	29,146	7,816
2013-2015	82,530	10,570
Totals	\$232,873	\$69,345

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

	<b>OPWC Loans</b>	
	<b>Principal</b>	<b>Interest</b>
Year ending December 31:		
2008	\$8,303	\$0
2009	8,303	0
2010	8,303	0
2011	8,303	0
2012	8,303	0
2013-2018	41,516	0
2019-2023	45,671	0
Totals	\$128,702	\$0

**Note 8 – Risk Management**

The Village 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). The Village pays an annual contribution to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

PEP retains casualty risk up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate year. Governments can elect additional coverage from \$2,000,000 with General Reinsurance Corporation, through contracts with PEP. If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 8 – Risk Management (Continued)**

Beginning in 2005, Travelers Indemnity Company reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 (latest information available) was \$1,682,589.

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 Village. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 (latest information available):

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$30,997,868	\$29,719,675
Liabilities	(15,875,741)	(15,994,168)
Retained Earnings	<u>\$15,122,127</u>	<u>\$13,725,507</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$5,125,326	\$4,443,332
Liabilities	(863,163)	(1,068,246)
Retained Earnings	<u>\$4,262,163</u>	<u>\$3,375,086</u>

**Note 9– Defined Benefit Pension Plan**

Ohio Public Employees Retirement System

The Village of Clarksburg participates in the Ohio Public Employees Retirement System of Ohio (OPERS), which administers three separate pension plans; the Traditional Pension Plan (TPP), the Member-Directed Plan (MDP) and the Combined Plan (CP). The TPP is a cost sharing, multiple – employer defined pension plan. The MDP is a defined contribution plan in which the member invest both member and employer contributions (employer contributions vest over five years at 20 percent per year), and members accumulate retirement assets equal to the value of member and (vested) employer contribution plus any investment earnings.

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 9– Defined Benefit Pension Plan (Continued)**

Ohio Public Employees Retirement System (Continued)

The CP is a cost sharing, multiple-employer defined benefit plan where employer contributions are invested by OPERS to provide a formula retirement benefit similar to the TP benefit, but the member contribution is self-directed by the members and accumulate retirement assets in a manner similar to the MDP.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TPP and CP Plans. Members of the MDP do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-6705 or 1-800-222-PERS(7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006 (latest information available), member and contribution rates were consistent across all three plans. The 2006 member contribution rate was 9 percent and the Village's contribution rate was 13.70 percent of covered payroll. The Village's contributions to the plans for the years ending December 31, 2007, 2006, and 2005 were \$7,691, 8,169, and \$7,691, respectively; 100 percent has been contributed for 2007, 2006 and 2005.

Ohio Police and Fire Pension Fund

The Village does not participate in the Ohio Police and Fire Pension Fund (OP&F).

**Note 10 - Postemployment Benefits (Continued)**

Ohio Public Employees Retirement System

In order to qualify for postretirement health care coverage, age and services retiree under the TPP and the CP plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualifying survivor benefit recipients is available. The health care coverage provided by PERS is considered to be an Other Post Employment Benefit (OPEB) as described in GASB Statement 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. For 2006 (latest information available), the portion of the required contribution used to fund health care was 4.5 percent.

Benefits are advance-funded on an actuarially basis. The following assumptions and calculations are based on OPERS' latest actuarial review, performed December 31, 2005. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value.

For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investments annually. The investment assumption rate for 2005 (latest information available) was 8 percent. An annual increase of 4 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees.

**Village of Clarksburg**  
Notes to the Basic Financial Statements  
For the Years Ended December 31, 2007 and 2006

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**Note 10 - Postemployment Benefits (Continued)**

Additionally, annual pay increases, over and above the 4 percent base increase, were assumed to range from 0.5 percent to 6.3 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4.5 percent (the projected wage inflation rate).

The Traditional Pension and Combined Plans had 376,214 active contributing participants as of December 31, 2006 (latest information available). The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The Village's actual contributions for 2007 which were used to fund post-employment benefits were \$2,526. The actual contribution and the actuarially required contribution amounts are the same. The amount of \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2006 (latest information available). The Actuarial Valuation as of December 31, 2005 (latest information available), reported the actuarially accrued liability and unfunded actuarially liability for OPEB, based on the actuarial cost method used, at \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2007 by creating a separate investment pool for health care assets. As an additional component of HCPP, member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**Note 11 - Transfers and Advances**

Following is a summary of transfers in and out for all funds for 2007 and 2006:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Water Operating	\$ -	\$ 10,510
Non-Major Enterprise	10,510	-
Total	<u>\$ 10,510</u>	<u>\$ 10,510</u>

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets. Money transferred out in 2007 and 2006 was money from the Water Operating Fund. The money was transferred to meet required debt obligations as required.

No advances occurred during 2006 or 2007.

# CAUDILL & ASSOCIATES, CPA's

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Portsmouth, Ohio 45662

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Member American Institute of Certified Public Accountants

Member Ohio Society of Certified Public Accountants  
Member Kentucky Society of Certified Public Accountants

## **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***

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

We have audited the financial statements of the government activities, the business type activities, each major fund, and the aggregate remaining fund information of the Village of Clarksburg, Ross County, Ohio (the "Village") as of and for the years ended December 31, 2006 and 2007, which collectively comprise the Village's financial statements and have issued our report thereon dated January 31, 2008, wherein we noted the Village prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

### **Internal Control Over Financial Reporting**

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

Our consideration of internal control over financing reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. The results of our tests disclosed no instances of significant internal control deficiencies that are required to be reported under *Government Auditing Standards*.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. The results of our tests disclosed no instances of material weaknesses that are required to be disclosed under *Governmental Auditing Standards*.

Village of Clarksburg

Ross County

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

Page 2

### **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 grants agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's

January 31, 2008



**Mary Taylor, CPA**  
Auditor of State

**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  
MARCH 25, 2008**