



**VILLAGE OF CONESVILLE
COSHOCOTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CONESVILLE
COSHOCTON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Conesville
Coshocton County
202 State Street
P.O. Box 206
Conesville, Ohio 43811

To the Village Council:

We have audited the accompanying financial statements of the Village of Conesville, Coshocton County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its 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 24, 2001 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 audits.

This report is intended solely for the information and use of 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.

Jim Petro
Auditor of State

May 24, 2001

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**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$11,115	\$11,809	\$22,924
Intergovernmental	12,074		12,074
Interest	589	496	1,085
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	23,778	12,305	36,083
Cash Disbursements:			
Current:			
Security of Persons and Property		3,925	3,925
Public Health Services	375		375
Basic Utility Services	17,064		17,064
Transportation		1,442	1,442
General Government	5,835		5,835
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	23,274	5,367	28,641
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	504	6,938	7,442
Other Financing Receipts:			
Sale of Fixed Assets		1,052	1,052
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	504	7,990	8,494
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	16,806	18,387	35,193
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$17,310</u>	<u>\$26,377</u>	<u>\$43,687</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$11,268		\$11,268
Intergovernmental	10,975	\$11,954	22,929
Interest	526	526	1,052
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	22,769	12,480	35,249
Cash Disbursements:			
Current:			
Security of Persons and Property		3,942	3,942
Public Health Services	453		453
Basic Utility Services	16,420		16,420
Transportation		4,397	4,397
General Government	5,885	1,980	7,865
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	22,758	10,319	33,077
Total Cash Receipts Over Cash Disbursements	<hr/>	<hr/>	<hr/>
	11	2,161	2,172
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	16,795	16,226	33,021
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$16,806	\$18,387	\$35,193
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$0	\$0	\$0

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

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Conesville, Coshocton 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-appointed six-member Council. The Village provides general governmental services, including street repair and maintenance.

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

The Village maintains all cash in a checking account and does not have any investments.

D. Fund Accounting

The Village uses fund accounting to segregate cash 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

This fund is 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 Fund:

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 CONESVILLE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Village 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 canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

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 at December 31 was as follows:

	<u>2000</u>		<u>1999</u>
Demand deposits	\$ 43,687	\$	35,193

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF CONESVILLE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 22,307	\$ 23,778	\$ 1,471
Special Revenue	<u>30,000</u>	<u>13,357</u>	<u>(16,643)</u>
Total	<u>\$ 52,307</u>	<u>\$ 37,135</u>	<u>\$ (15,172)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 32,350	\$ 23,274	\$ 9,076
Special Revenue	<u>46,100</u>	<u>5,367</u>	<u>40,733</u>
Total	<u>\$ 78,450</u>	<u>\$ 28,641</u>	<u>\$ 49,809</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 22,106	\$ 22,769	\$ 663
Special Revenue	<u>30,000</u>	<u>12,480</u>	<u>(17,520)</u>
Total	<u>\$ 52,106</u>	<u>\$ 35,249</u>	<u>\$ (16,857)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 30,200	\$ 22,758	\$ 7,442
Special Revenue	<u>42,500</u>	<u>10,319</u>	<u>32,181</u>
Total	<u>\$ 72,700</u>	<u>\$ 33,077</u>	<u>\$ 39,623</u>

Contrary to Ohio Revised Code Section 5705.41 (D), the Village did not always certify the availability of funds prior to incurring the purchase obligation.

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

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

5. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries for 1999 and 2000. The Village contributed an amount equal to 10.84% for 2000 and 13.55% in 1999 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Inland Marine

7. RELATED PARTY TRANSACTIONS

The Village purchases commercial insurance from Grange Mutual Casualty Company. A Village council member is an insurance agent for the company. The insurance account was established prior to the Council member being appointed a member of council. The Village paid \$637 annually for this coverage.



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

Village of Conesville
Coshocton County
202 State Street
P.O. Box 206
Conesville, Ohio 43811

To the Village Council:

We have audited the accompanying financial statements of the Village of Conesville, Coshocton County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 24, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-31016-001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 24, 2001.

Village of Conesville
Coshocton County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended 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.

Jim Petro
Auditor of State

May 24, 2001

VILLAGE OF CONESVILLE
COSHOCTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2000-31016-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivisions fiscal officer. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Clerk-Treasurer may authorize payment through a Then and Now Certificate without affirmation of Village Council, if such expenditure is otherwise valid

Of the expenditures tested, 36% were not certified by the Clerk-Treasurer prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The Village should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Village should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which may arise from time to time.



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VILLAGE OF CONESVILLE

COSHOCTON 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
JULY 10, 2001**