



**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



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MORGAN COUNTY  
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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of McConnelsville  
Morgan County  
9 West Main Street  
McConnelsville, Ohio 43756

To the Village Council:

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

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

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

As discussed in Note 9, during the year ended December 31, 1998, the Village changed its method of accounting for income tax monies.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

October 12, 2000

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$313,292	\$73,532	\$	\$386,824
Intergovernmental Receipts	96,764	78,555	230,457	405,776
Charges for Services	19,032	592		19,624
Fines, Licenses, and Permits	38,739	2,203		40,942
Earnings on Investments	47,247	1,850		49,097
Miscellaneous	5,811			5,811
	<u>520,885</u>	<u>156,732</u>	<u>230,457</u>	<u>908,074</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	232,676	27,170		259,846
Public Health Services	13,417			13,417
Leisure Time Activities	13,367			13,367
Basic Utility Services	18,892			18,892
Transportation	11,932	78,074		90,006
General Government	161,511	26,910		188,421
Capital Outlay	112,102	17,115	230,457	359,674
	<u>563,897</u>	<u>149,269</u>	<u>230,457</u>	<u>943,623</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>(43,012)</u>	<u>7,463</u>	<u>0</u>	<u>(35,549)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	1,712	5,519		7,231
Transfers-Out	<u>(5,000)</u>	<u>(14,358)</u>		<u>(19,358)</u>
	<u>(3,288)</u>	<u>(8,839)</u>	<u>0</u>	<u>(12,127)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(46,300)	(1,376)	0	(47,676)
Fund Cash Balances, January 1	<u>495,700</u>	<u>68,726</u>	<u>0</u>	<u>564,426</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$449,400</b></u>	<u><b>\$67,350</b></u>	<u><b>\$0</b></u>	<u><b>\$516,750</b></u>
Reserves for Encumbrances, December 31	<u>\$50,000</u>	<u>\$400</u>	<u>\$50,738</u>	<u>\$101,138</u>

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$507,296	\$	\$507,296
Miscellaneous	3,346		3,346
	<u>510,642</u>	<u>0</u>	<u>510,642</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	234,585		234,585
Contractual Services	111,961		111,961
Supplies and Materials	117,907		117,907
Capital Outlay	33,528		33,528
	<u>497,981</u>	<u>0</u>	<u>497,981</u>
Operating Income/(Loss)	<u>12,661</u>	<u>0</u>	<u>12,661</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	5,000		5,000
Other Non-Operating Cash Receipts		50,155	50,155
	<u>5,000</u>	<u>50,155</u>	<u>55,155</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	35,595		35,595
Other Non-Operating Cash Disbursements		50,981	50,981
	<u>35,595</u>	<u>50,981</u>	<u>86,576</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(17,934)	(826)	(18,760)
Transfers-In	12,127		12,127
Net Receipts Over/(Under) Disbursements	(5,807)	(826)	(6,633)
Fund Cash Balances, January 1	326,933	3,591	330,524
<b>Fund Cash Balances, December 31</b>	<b><u>\$321,126</u></b>	<b><u>\$2,765</u></b>	<b><u>\$323,891</u></b>
Reserve for Encumbrances, December 31	<u>\$55,125</u>	<u>\$0</u>	<u>\$55,125</u>

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



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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$316,661	\$71,830	\$	\$388,491
Intergovernmental Receipts	111,470	62,366	90,377	264,213
Charges for Services	18,321	763		19,084
Fines, Licenses, and Permits	33,234	3,511		36,745
Earnings on Investments	47,624	2,037		49,661
Miscellaneous	44,306			44,306
	<u>571,616</u>	<u>140,507</u>	<u>90,377</u>	<u>802,500</u>
<b>Total Cash Receipts</b>				
	<u>571,616</u>	<u>140,507</u>	<u>90,377</u>	<u>802,500</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	226,396	26,077		252,473
Public Health Services	8,737			8,737
Leisure Time Activities	8,117			8,117
Basic Utility Services	5,410			5,410
Transportation	11,552	63,957		75,509
General Government	138,608	23,493		162,101
Capital Outlay	125,123	33,778	90,377	249,278
	<u>523,943</u>	<u>147,305</u>	<u>90,377</u>	<u>761,625</u>
<b>Total Cash Disbursements</b>				
	<u>523,943</u>	<u>147,305</u>	<u>90,377</u>	<u>761,625</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>47,673</u>	<u>(6,798)</u>	<u>0</u>	<u>40,875</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-Out	(10,000)			(10,000)
	<u>(10,000)</u>			<u>(10,000)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(10,000)</u>	<u>0</u>	<u>0</u>	<u>(10,000)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>37,673</u>	<u>(6,798)</u>	<u>0</u>	<u>30,875</u>
<b>Fund Cash Balances, January 1</b>	<u>458,027</u>	<u>75,524</u>		<u>533,551</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$495,700</u></u>	<u><u>\$68,726</u></u>	<u><u>\$0</u></u>	<u><u>\$564,426</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$2,985</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$2,985</u></u>

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

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$511,729	\$	\$511,729
Miscellaneous	2,148		2,148
Total Operating Cash Receipts	<u>513,877</u>	<u>0</u>	<u>513,877</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	216,355		216,355
Contractual Services	95,650		95,650
Supplies and Materials	118,165		118,165
Capital Outlay	30,657		30,657
Total Operating Cash Disbursements	<u>460,827</u>	<u>0</u>	<u>460,827</u>
Operating Income/(Loss)	<u>53,050</u>	<u>0</u>	<u>53,050</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	5,000		5,000
Other Non-Operating Cash Receipts		45,141	45,141
Total Non-Operating Cash Receipts	<u>5,000</u>	<u>45,141</u>	<u>50,141</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	22,605		22,605
Other Non-Operating Cash Disbursements		43,621	43,621
Total Non-Operating Cash Disbursements	<u>22,605</u>	<u>43,621</u>	<u>66,226</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	35,445	1,520	36,965
Transfers-In	10,000		10,000
Net Receipts Over/(Under) Disbursements	45,445	1,520	46,965
Fund Cash Balances, January 1	<u>281,488</u>	<u>2,071</u>	<u>283,559</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$326,933</u></b>	<b><u>\$3,591</u></b>	<b><u>\$330,524</u></b>
Reserve for Encumbrances, December 31	<u>\$22,234</u>	<u>\$0</u>	<u>\$22,234</u>

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

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of McConnelsville, Morgan County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

The Village has a financial relationship with the Village of Malta for joint ownership and operation of a swimming pool. Additional information concerning this relationship is presented in Note 8.

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. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

Fire Levy Fund - This fund receives local tax dollars from a special levy for offsetting fire protection costs.

Street Levy Fund - This fund receives local tax dollars from a special levy for offsetting street maintenance and repair costs.

Income Tax Fund - This fund receives local income taxes in amounts sufficient to pay the costs of administering the income tax department.

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Issue II Fund - This fund receives Ohio Public Works Commission proceeds funding which is used for special projects.

**4. Enterprise Funds**

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

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

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

Swimming Pool Fund - This fund receives charges for services from admission fees and pool passes to cover the cost of providing a swimming facility.

**5. Fiduciary Fund (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Mayor's Court Fund - This fund accounts for the activity of the Mayor's Court.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

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

**2. Estimated Resources**

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

**3. Encumbrances**

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

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

**E. Property, Plant and Equipment**

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

**F. Unpaid Vacation and Sick Leave**

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

**2. EQUITY IN POOLED CASH**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$ 840,641</u>	<u>\$894,950</u>

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 513,547	\$ 522,597	\$ 9,050
Special Revenue	151,763	162,251	10,488
Capital Projects	396,634	230,457	(166,177)
Enterprise	545,396	527,769	(17,627)
Total	<u>\$ 1,607,340</u>	<u>\$ 1,443,074</u>	<u>\$ (164,266)</u>

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,015,646	\$ 618,897	\$ 396,749
Special Revenue	217,050	164,027	53,023
Capital Projects	396,634	281,195	115,439
Enterprise	868,015	588,701	279,314
Total	<u>\$ 2,497,345</u>	<u>\$ 1,652,820</u>	<u>\$ 844,525</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 501,723	\$ 571,616	\$ 69,893
Special Revenue	137,550	140,507	2,957
Capital Projects	222,720	90,377	(132,343)
Enterprise	545,112	528,877	(16,235)
Total	<u>\$ 1,407,105</u>	<u>\$ 1,331,377</u>	<u>\$ (75,728)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 962,079	\$ 536,928	\$ 425,151
Special Revenue	213,166	147,305	65,861
Capital Projects	222,720	90,377	132,343
Enterprise	812,801	505,666	307,135
Total	<u>\$ 2,210,766</u>	<u>\$ 1,280,276</u>	<u>\$ 930,490</u>

**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.

Public utilities are also taxed on personal and real property located within the Village.

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

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

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	<u>\$362,885</u>	7.59%

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved up to \$500,000 for this project, but the Village borrowed only \$466,063. The loan will be repaid in semiannual installments of \$21,071, including interest, over 25 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year ending December 31:	OWDA Loan
2000	\$ 21,071
2001	42,141
2002	42,141
2003	42,141
2004	42,141
Subsequent	421,414
Total	\$ 611,049

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Fire Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

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

**7. RISK MANAGEMENT**

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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

**8. JOINT VENTURE**

The Village of McConnelsville and the Village of Malta have established a Recreation Committee under the provisions of Ohio Revised Code Section 755.16 to provide organized recreational programs for the citizens of both Villages and to construct, operate and maintain a swimming pool. The Committee consists of three Council Members from each Village appointed by the respective Village Councils and the Mayor of the Villages in alternating two year terms. Revenue and expenditures are budgeted and accounted for by the Villages in alternative two year terms. Each Village shares equally in any operation expenses in excess of collection of user fees. The Committee can be dissolved only by mutual consent of both Village Councils. If the Committee would be dissolved, original start up assets revert to the contributing Village or if acquired jointly, would be split equally. The financial activity of the Recreation Committee is included in the annual report of the Village which budgets and accounts for revenue and expenditures. The accompanying financial statements of the Village of McConnelsville include the activity of the recreation Committee for 1998 and 1999 as part of the Enterprise Fund Type. The activity for 1997 was accounted for and reported by the Village of Malta also as part of their Enterprise Fund Type. The 1998 beginning balance in the Village of McConnelsville's Enterprise Fund type includes \$6,195 which was remitted by the Village of Malta due to the exchange. A summary of the pool activity is as follows:

	<u>1998</u>	<u>1999</u>
Beginning balance	\$ 6,195	\$ 2,546
Operating revenues	29,326	34,585
Operating expenditures	47,975	46,351
Non-operating revenues(subsidies)	<u>15,000</u>	<u>13,613</u>
Net Increase (decrease) in fund balance	<u>\$ 2,546</u>	<u>\$ 4,393</u>

**9. CHANGE IN ACCOUNTING**

The Village changed its method of accounting for income tax monies. These monies were previously accounted for in an Expendable Trust Fund type. In 1998, the Village has classified this activity in a Special Revenue Fund type. The effect of this change is as follows:

	<u>Special Revenue Fund Type</u>	<u>Expendable Trust Fund Type</u>
Fund cash balances originally stated, December 31, 1997	\$65,706	\$9,818
Prior period adjustment	<u>9,818</u>	<u>(9,818)</u>
Restated fund cash balances, December 31, 1997	<u>75,524</u>	<u>0</u>



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

**9. CHANGE IN ACCOUNTING (Continued)**

	<u>Special Revenue Fund Type</u>	<u>Expendable Trust Fund Type</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements originally stated, December 31, 1997	\$10,500	\$(539)
Prior period adjustment	<u>(539)</u>	<u>539</u>
Restated excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements, December 31, 1997		
	<u>\$9,961</u>	<u>\$0</u>

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

Village of McConnelsville  
Morgan County  
9 West Main Street  
McConnelsville, Ohio 43756

To the Village Council:

We have audited the accompanying financial statements of the Village of McConnelsville, Morgan County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated October 12, 2000, wherein we noted the Village changed its method of accounting for its income tax monies. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated October 12, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated October 12, 2000.

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

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

**Jim Petro**  
Auditor of State

October 12, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF MCCONNELSVILLE**

**MORGAN 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  
NOVEMBER 14, 2000**