



**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF MCCONNELSVILLE  
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

## 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, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of McConnelsville, Morgan County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2002, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the financial statements of the Village, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under Section 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

March 7, 2002

**VILLAGE OF MCCONELSVILLE  
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, 2001**

	<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	\$ 359,804	\$ 77,368	\$	\$ 437,172
Intergovernmental Receipts	136,889	109,633	459,450	705,972
Charges for Services	20,020			20,020
Fines, Licenses, and Permits	19,519	591		20,110
Earnings on Investments	39,449	1,012		40,461
Miscellaneous	33,630	1,339		34,969
<b>Total Cash Receipts</b>	<u>609,311</u>	<u>189,943</u>	<u>459,450</u>	<u>1,258,704</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	245,307	74,179		319,486
Public Health Services	9,960			9,960
Leisure Time Activities	42,521		52,536	95,057
Basic Utility Services	52,107			52,107
Transportation	21,745	60,824		82,569
General Government	324,902	29,957		354,859
Capital Outlay			459,691	459,691
<b>Total Cash Disbursements</b>	<u>696,542</u>	<u>164,960</u>	<u>512,227</u>	<u>1,373,729</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(87,231)</u>	<u>24,983</u>	<u>(52,777)</u>	<u>(115,025)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In			90,000	90,000
Advances-In	2,000			2,000
Transfers-Out	(90,000)			(90,000)
Advances-Out		(2,000)		(2,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(88,000)</u>	<u>(2,000)</u>	<u>90,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(175,231)	22,983	37,223	(115,025)
Fund Cash Balances, January 1	371,632	49,701	0	421,333
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 196,401</b></u>	<u><b>\$ 72,684</b></u>	<u><b>\$37,223</b></u>	<u><b>\$ 306,308</b></u>
Reserves for Encumbrances, December 31	<u>44,243</u>	<u>4,119</u>	<u>\$37,464</u>	<u>85,826</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, 2001**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 513,675	\$	\$ 513,675
Total Operating Cash Receipts	513,675	0	513,675
<b>Operating Cash Disbursements:</b>			
Personal Services	178,920		178,920
Fringe Benefits	50,265		50,265
Contractual Services	87,208		87,208
Supplies and Materials	107,064		107,064
Capital Outlay	64,590		64,590
Total Operating Cash Disbursements	488,047	0	488,047
Operating Income/(Loss)	25,628	0	25,628
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	39,208		39,208
Proceeds from Notes and Bonds	29,998		29,998
Other Non-Operating Cash Receipts		25,740	25,740
Total Non-Operating Cash Receipts	69,206	25,740	94,946
<b>Non-Operating Cash Disbursements:</b>			
Debt Service:			
Principal Payments	27,824		27,824
Interest Payments	15,706		15,706
Other Non-Operating Cash Disbursements		25,220	25,220
Total Non-Operating Cash Disbursements	43,530	25,220	68,750
Excess of Receipts Over/(Under) Disbursements	51,304	520	51,824
Fund Cash Balances, January 1	317,189	1,320	318,509
<b>Fund Cash Balances, December 31</b>	<b>\$ 368,493</b>	<b>\$ 1,840</b>	<b>\$ 370,333</b>
Reserve for Encumbrances, December 31	\$ 15,036	\$ 0	\$ 0

*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, 2000**

	<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	\$ 325,520	\$ 74,393	\$	\$ 399,913
Intergovernmental Receipts	87,626	88,845	159,097	335,568
Charges for Services	21,516			21,516
Fines, Licenses, and Permits	30,089	1,987		32,076
Earnings on Investments	49,479	1,790		51,269
Miscellaneous	7,690	613		8,303
	<u>521,920</u>	<u>167,628</u>	<u>159,097</u>	<u>848,645</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	232,422	52,687		285,109
Public Health Services	12,880			12,880
Leisure Time Activities	18,329			18,329
Basic Utility Services	73,526			73,526
Transportation	20,298	108,687		128,985
General Government	238,640	27,497		266,137
Capital Outlay			159,097	159,097
	<u>596,095</u>	<u>188,871</u>	<u>159,097</u>	<u>944,063</u>
<b>Total Cash Disbursements</b>				
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(74,175)</u>	<u>(21,243)</u>	<u>0</u>	<u>(95,418)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Advances-In		2,000		2,000
Advances-Out	(2,000)			(2,000)
	<u>(2,000)</u>	<u>2,000</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(76,175)</u>	<u>(19,243)</u>	<u>0</u>	<u>(95,418)</u>
<b>Fund Cash Balances, January 1</b>	<u>447,807</u>	<u>68,944</u>	<u>0</u>	<u>516,751</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 371,632</b></u>	<u><b>\$ 49,701</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 421,333</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$ 64,924</b></u>	<u><b>\$ 250</b></u>	<u><b>\$ 0</b></u>	<u><b>\$ 65,174</b></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, 2000**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 481,976	\$	\$ 481,976
Total Operating Cash Receipts	481,976	0	481,976
<b>Operating Cash Disbursements:</b>			
Personal Services	172,472		172,472
Fringe Benefits	47,268		47,268
Contractual Services	91,959		91,959
Supplies and Materials	95,244		95,244
Capital Outlay	36,828		36,828
Total Operating Cash Disbursements	443,771	0	443,771
Operating Income/(Loss)	38,205	0	38,205
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Cash Receipts		38,330	38,330
Total Non-Operating Cash Receipts	0	38,330	38,330
<b>Non-Operating Cash Disbursements:</b>			
Debt Service:			
Principal Payments	14,598		14,598
Interest Payments	27,543		27,543
Other Non-Operating Cash Disbursements		39,775	39,775
Total Non-Operating Cash Disbursements	42,141	39,775	81,916
Excess of Receipts Over/(Under) Disbursements	(3,936)	(1,445)	(5,381)
Fund Cash Balances, January 1	321,125	2,765	323,890
<b>Fund Cash Balances, December 31</b>	<b>\$ 317,189</b>	<b>\$ 1,320</b>	<b>\$ 318,509</b>
Reserve for Encumbrances, December 31	\$ 43,054	\$ 0	\$ 0

*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, 2001 AND 2000**

**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, and an elected Mayor and Clerk. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police and fire protection services.

The Village has a financial relationship with the Village of Malta for joint ownership and operation of a swimming pool. This relationship is classified as a joint venture. 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 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 license tax money to construct, maintain and repair Village streets.

*Fire Levy Fund* - This fund receives property tax monies to provide fire protection to the residents of the Village.

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

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

**C. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Street Levy Fund* - This fund receives property tax monies to construct, maintain and repair Village streets.

*Income Tax Fund* - This fund receives local income taxes in amounts sufficient to pay the costs of administering the income tax department. Excess income tax receipts are placed in the Village's General Fund.

**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 funds). The Village had the following significant Capital Project Fund:

*Downtown Revitalization Project* - This fund receives Community Development Block Grant funding for the renovation of downtown buildings and streets.

**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.

**5. Fiduciary Fund**

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

*Mayor's Court Fund* - This fund accounts for the financial activity of the Mayor's Court and is classified as an Agency Fund.

**D. Budgetary Process**

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

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

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

**D. Budgetary Process (Continued)**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function 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.

**3. Encumbrances**

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**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>2001</u>	<u>2000</u>
Demand Deposits	\$ 676,641	\$ 739,842

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 703,116	\$ 611,311	\$ (91,805)
Special Revenue	145,135	189,943	44,808
Capital Projects	1,051,660	549,450	(502,210)
Enterprise	483,654	582,881	99,227
Total	<u>\$ 2,383,565</u>	<u>\$ 1,933,585</u>	<u>\$ (449,980)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,064,174	\$ 830,785	\$ 233,389
Special Revenue	193,385	171,079	22,306
Capital Projects	1,363,583	549,691	813,892
Enterprise	823,844	546,613	277,231
Total	<u>\$ 3,444,986</u>	<u>\$ 2,098,168</u>	<u>\$ 1,346,818</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 635,099	\$ 521,920	\$ (113,179)
Special Revenue	150,025	169,628	19,603
Capital Projects	771,876	159,097	(612,779)
Enterprise	488,855	481,976	(6,879)
Total	<u>\$ 2,045,855</u>	<u>\$ 1,332,621</u>	<u>\$ (713,234)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,056,148	\$ 663,019	\$ 393,129
Special Revenue	208,553	189,121	19,432
Capital Projects	822,614	159,097	663,517
Enterprise	809,085	528,966	280,119
Total	<u>\$ 2,896,400</u>	<u>\$ 1,540,203</u>	<u>\$ 1,356,197</u>

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**4. DEBT**

Debt outstanding at December 31, 2001, was as follows:

	<u>Principal</u>	<u>Interest Rates</u>
Ohio Water Development Authority Loans	\$ 332,580	7.59%
Promissory Notes	28,331	0.00%
Total	\$ 360,911	

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.

New debt issued in 2001 consisted of promissory notes with General Motors Acceptance Corporation for the purchase of two Chevrolet trucks. The original note amounts were for \$14,999 and \$14,999. There is a 0% interest rate on these notes. The full faith and credit of the Village has been pledged to repay this debt.

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

<u>Year ending December 31:</u>	<u>OWDA Loans</u>	<u>Promissory Notes</u>
2002	\$ 21,071	\$ 9,999
2003	42,141	9,999
2004	42,141	8,333
2005	42,141	
2006	42,141	
Subsequent	337,131	
Total	\$ 526,766	\$ 28,331

**5. PROPERTY TAX**

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

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**5. PROPERTY TAX (Continued)**

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

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

**6. INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency or business activities within the Village as well as income of residents earned outside of the Village.

Employers within the Village are required to withhold income tax on employee compensation and remit the tax to the Village quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are distributed to funds in the following manner: First, in the Income Tax Fund, an amount necessary to defray the cost of the operations of the Income Tax Department; secondly, the remainder to the General Fund. During 2001, total income taxes collected equaled \$354,592. Of this amount, \$29,000 was credited to the Income Tax Fund and \$325,592 to the General Fund. During 2000, total income taxes collected equaled \$317,619. Of this amount, \$29,000 was credited to the Income Tax Fund and \$288,619 to the General Fund.

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. For 2001, the Village contributed an amount equal to 13.55% of participants' gross salaries. For 2001 and 2000, members of OP&F contributed 10% of their gross salaries to the OP&F. The Village contributed an amount equal to 19.5% of police participant wages for both years. The Village has paid all contributions required through December 31, 2001.

Effective July 1, 1991, elected officials not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2001, no elected officials have elected to choose Social Security.



**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance coverage for the following risks:

- 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.

**9. JOINT VENTURE**

The Village of McConnelsville and the Village of Malta established a Recreation Committee under the provisions of Ohio Rev. 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. 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 do not include the activity of the recreation Committee for 2000 and 2001. The activity for 2000 and 2001 was accounted for and reported by the Village of Malta as part of their Enterprise Fund Type.

**10. CONTINGENCIES**

**Grants**

The Village received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Village at December 31, 2001.

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**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disbursements
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Pass through State Department of Development:</i>			
Community Development Block Grant - State's Program	14.228	C-T-99-277-1	\$ 131,325
		C-P-00-277-1	<u>300,000</u>
Total Community Development Block Grant Program - State's Program			<u>431,325</u>
Total United States Department of Housing and Urban Development			431,325
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
<i>Pass through Office of Criminal Justice Services</i>			
Violence Against Women Formula Grant	16.588	1999-WF-VA2-8423	32,066
		2000-WF-VA2-8423	<u>11,162</u>
Total Violence Against Women Formula Grant			<u>43,228</u>
Total United States Department of Justice			<u>43,228</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 474,553</u></b>

*The notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.*

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal awards programs. The Schedule has been prepared on the cash basis of accounting.



**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

**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, 2001 and 2000, and have issued our report thereon dated March 7, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no 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 management of the Village in a separate letter dated March 7, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 March 7, 2002.

This report is intended for the information and use of management, the Village Council, federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 7, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Athens Mall, Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Village Council:

**Compliance**

We have audited the compliance of the Village of McConnelsville, Morgan County, Ohio (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. The Village's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

**Internal Control over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, the Village Council, and federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 7, 2002



**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grant - CFDA #14.228
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS RELATED TO FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
MAY 9, 2002**