



**Auditor of State
Betty Montgomery**

VILLAGE OF CONESVILLE
COSHOCTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Conesville
Coshocton County
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, 2002 and 2001. 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 of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2003 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.

Village of Conesville
Coshocton County
Independent Accountants' Report
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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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 22, 2003

**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, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$12,490		\$12,490
Intergovernmental	10,545	\$11,707	22,252
Earnings on Investments	188	188	376
Miscellaneous	597	152	749
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	23,820	12,047	35,867
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property		3,907	3,907
Public Health Services	412		412
Basic Utility Services	17,064		17,064
Transportation		16,980	16,980
General Government	5,595		5,595
Capital Outlay	9,568		9,568
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	32,639	20,887	53,526
	<hr/>	<hr/>	<hr/>
Total Receipts (Under) Disbursements	(8,819)	(8,840)	(17,659)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Proceeds from Loans	9,568		9,568
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	9,568	0	9,568
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	749	(8,840)	(8,091)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	19,530	31,519	51,049
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$20,279</u>	<u>\$22,679</u>	<u>\$42,958</u>

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

**VILLAGE OF CONESVILLE
COSHOCKTON COUNTY**

**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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$12,556		\$12,556
Intergovernmental	11,807	\$11,753	23,560
Earnings on Investments	395	335	730
Miscellaneous	612		612
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	25,370	12,088	37,458
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property		3,938	3,938
Public Health Services	238		238
Basic Utility Services	17,064		17,064
Transportation		1,473	1,473
General Government	5,847		5,847
State Auditors Fees		1,534	1,534
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	23,149	6,945	30,094
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	2,221	5,143	7,364
Fund Cash Balances, January 1	17,309	26,376	43,685
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$19,530</u>	<u>\$31,519</u>	<u>\$51,049</u>

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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Conesville, Coshocton County, Ohio, (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 an appointed, five-member Council. The Village provides general governmental services, including road maintenance and repairs.

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 is 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 has the following significant Special Revenue Fund:

**VILLAGE OF CONESVILLE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

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

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 level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve the appropriation measure 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.

A summary of 2002 and 2001 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.

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH

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:

	2002	2001
Demand deposits	\$42,958	\$51,049

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,955	\$33,388	\$10,433
Special Revenue	24,000	12,047	(11,953)
Total	\$46,955	\$45,435	(\$1,520)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,050	\$32,639	\$7,411
Special Revenue	54,500	20,887	33,613
Total	\$94,550	\$53,526	\$41,024

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,521	\$25,370	\$2,849
Special Revenue	32,000	12,088	(19,912)
Total	\$54,521	\$37,458	(\$17,063)

**VILLAGE OF CONESVILLE
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$38,900	\$23,149	\$15,751
Special Revenue	50,500	6,945	43,555
Total	\$89,400	\$30,094	\$59,306

During 2002 and 2001, certain expenditures were not certified by the Clerk-Treasurer prior to incurring the obligation, contrary to Ohio Rev. Code Section 5705.41(D).

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 employees of the Village belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is 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. For 2002 and 2001, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% for 2002 and 2001, of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. DEBT

The Village was granted an Ohio Public Works Commission (OPWC) project loan for the purpose of storm sewer improvements. The amount of cash available to the Village is \$121,210. As of December 31, 2002, the Village has requested and received \$9,568. This loan repayment does not begin until the total project is completed. The loan repayment will be in bi-annual installments with no interest, over 20 years.

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**Auditor of State
Betty Montgomery**

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

Village of Conesville
Coshocton County
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, 2002 and 2001, and have issued our report thereon dated May 22, 2003. 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 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 2002-001.

We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 22, 2003.

Internal Control Over Financial Reporting

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

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

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 22, 2003.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 22, 2003

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

Noncompliance Citation

FINDING NUMBER 2002-001

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and other orders for expenditure lacking prior certification should be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides 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 both at the time that the contract or order was made and at the time she is completing her certification that a sufficient sum was 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, if such expenditure is otherwise valid.

2. If the amount involved is less than \$1,000 (which increased to \$3,000 on April 7, 2003), the Village Clerk may authorize it to be paid without the affirmation of Village Council upon completion of the then and now certificate, provided the expenditure is otherwise lawful.

Of the expenditures tested, 50% were not certified by the Village Clerk prior to incurring the commitment and the two exceptions noted above were not utilized. The Village should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D) and the importance of certifying the availability of funds. The Village should implement the use of Then and Now Certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

VILLAGE OF CONESVILLE
COSHOCKTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-31016-001	Ohio Rev. Code 5705.41(D), failure to certify funds	No	Not corrected. Refer to finding 2002-001



**Auditor of State
Betty Montgomery**

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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 15, 2003**