



Dave Yost • Auditor of State

VILLAGE OF CONTINENTAL
PUTNAM COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Continental
Putnam County
P.O. Box 447
Continental, Ohio 45831-0447

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Village of Continental, Putnam County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Continental, Putnam County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Federal Award Expenditures Schedule presents additional analysis as required by the 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.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

June 24, 2014

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**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$67,737	\$101,900			\$169,637
Municipal Income Tax	157,007				157,007
Intergovernmental	96,983	91,795			188,778
Charges for Services	59,609		\$51,667		111,276
Fines, Licenses and Permits	3,199				3,199
Earnings on Investments	73	9			82
Easement Lease	14,000				14,000
Miscellaneous	11,208	4,652			15,860
<i>Total Cash Receipts</i>	<u>409,816</u>	<u>198,356</u>	<u>51,667</u>		<u>659,839</u>
Cash Disbursements					
Current:					
Security of Persons and Property	65,222	117,650			182,872
Basic Utility Services	7,410				7,410
Transportation		72,617			72,617
General Government	89,384	3,412			92,796
Capital Outlay		32,779			32,779
Debt Service:					
Principal Retirement	2,894	5,384	31,076		39,354
Interest and Fiscal Charges	384	629	19,901		20,914
<i>Total Cash Disbursements</i>	<u>165,294</u>	<u>232,471</u>	<u>50,977</u>		<u>448,742</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>244,522</u>	<u>(34,115)</u>	<u>690</u>		<u>211,097</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	2,220				2,220
Transfers In	854	25,511			26,365
Transfers Out	(25,000)	(1,722)			(26,722)
Advances In	90,049				90,049
Advances Out	(79,659)	(10,390)			(90,049)
Other Financing Sources	171				171
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,365)</u>	<u>13,399</u>			<u>2,034</u>
<i>Net Change in Fund Cash Balances</i>	233,157	(20,716)	690		213,131
<i>Fund Cash Balances, January 1</i>	<u>163,607</u>	<u>142,480</u>	<u>87,842</u>	<u>\$1,929</u>	<u>395,858</u>
Fund Cash Balances, December 31					
Restricted		121,764	88,532	1,929	212,225
Unassigned	396,764				396,764
<i>Fund Cash Balances, December 31</i>	<u>\$396,764</u>	<u>\$121,764</u>	<u>\$88,532</u>	<u>\$1,929</u>	<u>\$608,989</u>

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

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$322,289
Miscellaneous	254
	322,543
<i>Total Operating Cash Receipts</i>	<i>322,543</i>
Operating Cash Disbursements	
Personal Services	48,262
Employee Fringe Benefits	11,808
Contractual Services	370,508
Supplies and Materials	34,610
Other	1,747
	466,935
<i>Total Operating Cash Disbursements</i>	<i>466,935</i>
<i>Operating Loss</i>	<i>(144,392)</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	1,090,000
Sale of Notes	844,101
Miscellaneous Receipts	7,698
Capital Outlay	(1,477,019)
Principal Retirement	(184,835)
Interest and Other Fiscal Charges	(2,000)
	277,945
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>277,945</i>
<i>Income before Transfers and Advances</i>	<i>133,553</i>
Transfers In	357
Advances In	79,659
Advances Out	(79,659)
	133,910
<i>Net Change in Fund Cash Balances</i>	<i>133,910</i>
<i>Fund Cash Balances, January 1</i>	<i>170,553</i>
<i>Fund Cash Balances, December 31</i>	<i>\$304,463</i>

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

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$67,810	\$101,983			\$169,793
Municipal Income Tax	78,300				78,300
Intergovernmental	68,034	110,374			178,408
Charges for Services	46,800		\$39,000		85,800
Fines, Licenses and Permits	3,198	75			3,273
Earnings on Investments	120	12			132
Rent	5,950				5,950
Miscellaneous	10,535	2,042			12,577
<i>Total Cash Receipts</i>	<u>280,747</u>	<u>214,486</u>	<u>39,000</u>		<u>534,233</u>
Cash Disbursements					
Current:					
Security of Persons and Property	64,306	112,466			176,772
Basic Utility Services	7,195				7,195
Transportation		104,565			104,565
General Government	110,232	12,081			122,313
Capital Outlay	15,000				15,000
Debt Service:					
Principal Retirement		31,481	30,034		61,515
Interest and Fiscal Charges		1,282	20,942		22,224
<i>Total Cash Disbursements</i>	<u>196,733</u>	<u>261,875</u>	<u>50,976</u>		<u>509,584</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>84,014</u>	<u>(47,389)</u>	<u>(11,976)</u>		<u>24,649</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	15,295	25,049			40,344
Transfers In		40,860			40,860
Transfers Out	(35,000)	(8,883)			(43,883)
Advances In	16,000	10,390			26,390
Advances Out	(26,390)				(26,390)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,095)</u>	<u>67,416</u>			<u>37,321</u>
<i>Net Change in Fund Cash Balances</i>	53,919	20,027	(11,976)		61,970
<i>Fund Cash Balances, January 1</i>	<u>109,688</u>	<u>122,453</u>	<u>99,818</u>	<u>\$1,929</u>	<u>333,888</u>
Fund Cash Balances, December 31					
Restricted		142,480	87,842	1,929	232,251
Unassigned	163,607				163,607
<i>Fund Cash Balances, December 31</i>	<u>\$163,607</u>	<u>\$142,480</u>	<u>\$87,842</u>	<u>\$1,929</u>	<u>\$395,858</u>

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

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$319,263		\$319,263
Operating Cash Disbursements			
Personal Services	52,727		52,727
Employee Fringe Benefits	22,718		22,718
Contractual Services	113,770		113,770
Supplies and Materials	35,218		35,218
Other	3,075	\$8,000	11,075
<i>Total Operating Cash Disbursements</i>	<u>227,508</u>	<u>8,000</u>	<u>235,508</u>
<i>Operating Income (Loss)</i>	<u>91,755</u>	<u>(8,000)</u>	<u>83,755</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	27		27
Sale of Notes	39,377		39,377
Miscellaneous Receipts	4,266		4,266
Capital Outlay	(8,154)		(8,154)
Principal Retirement	(267,943)		(267,943)
Interest and Other Fiscal Charges	(3,329)		(3,329)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(235,756)</u>		<u>(235,756)</u>
<i>Loss before Transfers and Advances</i>	(144,001)	(8,000)	(152,001)
Transfers In	3,023		3,023
Advances In	16,000		16,000
Advances Out	(16,000)		(16,000)
<i>Net Change in Fund Cash Balances</i>	(140,978)	(8,000)	(148,978)
<i>Fund Cash Balances, January 1</i>	<u>311,531</u>	<u>\$8,000</u>	<u>319,531</u>
<i>Fund Cash Balances, December 31</i>	<u>\$170,553</u>		<u>\$170,553</u>

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

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Continental, Putnam County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Village Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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

Police Fund – This fund receives property taxes for providing police services to residents of the Village.

3. Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Fire Station and Fire Truck Note Retirement Fund – This fund receives contributions from Monroe and Perry Townships to repay a loan taken out by the Village for the construction of a new fire station and fire truck.

4. Capital Project Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Sanitary Sewer Improvement Fund – This fund was used for grant funds from the State received and spent on behalf of the Village to help with the costs of a sanitary sewer project. Village did not expend monies from this fund during the audit period but still has a balance.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Lagoon Construction Fund - This fund receives loan proceeds from the Ohio Water Development Authority, Ohio Public Works Commission, and a Federal Grant from Community Development Block Grant along with a loan to finance a new lagoon.

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Agency Fund:

Fire Claim Fund - This fund accounts for insurance company deposits for private property damaged by fire within the Village. These receipts are to be released to the property owner when they have satisfactorily demolished or repaired the building or other structure involved in the fire damage claim if the Village has not incurred any costs for demolition or repairs of the building or other structures.

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. The Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2013	2012
Demand deposits	\$899,653	\$552,617
STAR Ohio	13,799	13,794
Total deposits and investments	\$913,452	\$566,411

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$503,137	\$413,061	(\$90,076)
Special Revenue	240,512	223,867	(16,645)
Debt Service	63,700	51,667	(12,033)
Enterprise	2,861,420	2,264,699	(596,721)
Total	\$3,668,769	\$2,953,294	(\$715,475)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$348,055	\$199,456	\$148,599
Special Revenue	300,531	237,472	63,059
Debt Service	52,000	50,977	1,023
Capital Projects	1,929		1,929
Enterprise	2,765,355	2,709,255	56,100
Total	\$3,467,870	\$3,197,160	\$270,710

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$373,775	\$296,042	(\$77,733)
Special Revenue	283,850	280,395	(3,455)
Debt Service	45,740	39,000	(6,740)
Enterprise	2,785,219	365,956	(2,419,263)
Total	\$3,488,584	\$981,393	(\$2,507,191)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$233,740	\$238,482	(\$4,742)
Special Revenue	208,634	274,592	(65,958)
Debt Service	52,000	50,976	1,024
Capital Projects	1,929		1,929
Enterprise	2,635,657	517,807	2,117,850
Total	\$3,131,960	\$1,081,857	\$2,050,103

Contrary to Ohio law, budgetary expenditures in the General Fund, Water Fund, and Police Fund of \$238,482 \$154,051 and \$99,133, respectively, exceeded appropriations by \$4,742, \$131,772 and \$62,833, respectively, as of December 31, 2012. In addition, the legally adopted appropriations varied from posted appropriations in both 2013 and 2012 in amounts ranging from \$2,000 to \$2,183,185, contrary to Ohio Law.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

5. Local 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 certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Debt

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Note	\$46,078	2.25%
Fire Station Note	399,344	5.2%
Backhoe/Truck/Land Loan	46,524	5.95%
Ohio Public Works Commission Loan CM02B	24,331	
Ohio Public Works Commission Loan CM09A	9,131	
Ohio Public Works Commission Loan CT42E	5,826	
Ohio Public Works Commission Loan CM10H	21,152	
Ohio Public Works Commission Loan CM08N	7,443	
Ohio Public Works Commission Loan CT380	516,010	
Ohio Water Development Authority Loan 5669	139,283	
Ohio Water Development Authority Loan 6342	306,208	
Total	<u>\$1,521,330</u>	

The Fire Truck Note was obtained for the purpose of purchasing a new fire truck for the Village. The loan is being repaid in semiannual payments of \$7,988 of principal and accrued interest over 5 years beginning in 2012.

The Fire Station Note was obtained in 2006 to replace the 2004 Fire Station Construction Loan which was used to construct a new Fire Station for the Village. The loan is being repaid in semiannual payments of \$17,500 of principal and interest over 25 years beginning in 2006.

The Backhoe/Truck/Land Loan was issued in 2012. The Village rolled two notes for the backhoe and truck, and included a land purchase, into one note. The loan is being repaid in monthly payments of \$1,025 of principal and accrued interest over 5 years beginning in 2013.

The Ohio Public Works Commission (OPWC) loan CT42E various street projects loan was obtained for the maintenance of various streets within the Village. The loan is being repaid in semiannual principal installments of \$324 over 20 years beginning in 2003.

The Ohio Public Works Commission (OPWC) loan CM09A water treatment loan was obtained for the construction of a new well and the upgrade of waterlines on Third and Fourth Streets. The loan is being repaid in semiannual principal installments of \$913 over 20 years beginning in 1999.

The Ohio Public Works Commission (OPWC) sewer loan CM02B (1998) was for the construction and installation of new sanitary sewers and storm sewers. The loan is being repaid in semiannual principal installments of \$2,212 over 20 years beginning in 1999.

The Ohio Public Works Commission (OPWC) sewer loan CM10H (2005) was obtained for storm sewer improvements within the Village. The loan is being repaid in semiannual principal installments of \$846 over 20 years beginning in 2006.

The Ohio Public Works Commission (OPWC) CM08N Lakeland loan was obtained for sanitary sewer improvements for Lakeland / Lake Place / County Road E within the Village. The loan is being repaid in semiannual principal installments of \$213 over 20 years beginning in 2011.

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Debt (Continued)

The Ohio Public Works Commission (OPWC) CT380 Waste water treatment lagoon was obtained for the construction of a new waste water treatment lagoon. The original loan amount authorized from OPWC to the Village for this project was \$2,032,750. As of December 31, 2013, the Village had received loan proceeds of \$516,010. The Village will repay the loan in semiannual installments on January 1 and July 1. The project has not been completed to date and a final amortization schedule is unavailable.

The Ohio Water Development Authority (OWDA) waterline loan (#5669) was obtained for the waterline replacement at the Village. The loan is being repaid in semiannual principal installments of \$5,033 over 20 years beginning in 2011. The project has not been completed and the loan has not been officially closed (still in "active" status). A final amortization schedule is unavailable and therefore is not included in the accompanying amortization schedule.

The Ohio Water Development Authority (OWDA) waste water treatment plant loan (#6342) was obtained for the repayment of OWDA planning loans #4731 and #4983 and for the construction of the new waste water treatment plant. OWDA authorized the loan amount of \$449,117; the Village has received \$306,208 in loan proceeds as of December 31, 2013. Payment on the loan will begin July 1, 2014 for 20 years. The project has not been completed and the loan has not been officially closed (still in "active" status). A final amortization schedule is unavailable and therefore is not included in the accompanying amortization schedule.

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

Year ending December 31:	OPWC Loans	Fire Truck Note	Fire Station Note	Backhoe/Truck/L and Note	General Obligation Notes
2014	\$9,014	\$15,977	\$35,000	\$12,296	\$63,091
2015	9,014	15,977	35,000	12,296	47,296
2016	9,014	15,795	35,000	12,296	35,000
2017	9,014		35,000	12,295	175,000
2018	9,014		35,000		175,000
2019-2023	15,391		175,000		35,445
2024-2028	6,358		175,000		
2029-2033	1,064		35,445		
Total	<u>\$67,883</u>	<u>\$47,749</u>	<u>\$560,445</u>	<u>\$49,183</u>	<u>\$530,832</u>

In addition to the debt described above, the Village has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 2013 was \$1,521,330. This disclosure does not include the related defeased debt, debt not yet amortized or assets, since trustee assets should provide sufficient resources to retire the debt.

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Retirement Systems (Continued)

The Ohio Revised Code also prescribes contribution rates. For January through June of 2013 and all of 2012, OP&F participants contributed 10% of their wages. For July through December 2013, OP&F participants contributed 10.75% of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

8. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available).

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	<u>(6,687,193)</u>	<u>(5,328,761)</u>
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

9. Interfund Transfers and Advances

During 2013 the following transfers were made:

		Transfers Out		
		General	Special Revenue	Total
Transfers In	General Fund		\$854	\$854
	Special Revenue Fund	\$25,000	511	25,511
	Enterprise Fund		357	357
	Total	<u>\$25,000</u>	<u>\$1,722</u>	<u>\$26,722</u>

During 2012 the following transfers were made:

		Transfers Out		
		General	Special Revenue	Total
Transfers In	Special Revenue Fund	\$35,000	\$5,860	\$40,860
	Enterprise Fund		3,023	3,023
	Total	<u>\$35,000</u>	<u>\$8,883</u>	<u>\$43,883</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During 2013 the following advances were made:

		Advances Out			
		General	Special Revenue	Enterprise	Total
Advances In	General Fund		\$10,390	\$79,659	\$90,049
	Special Revenue Fund				
	Enterprise Fund	\$79,659			79,659
	Total	<u>\$79,659</u>	<u>\$10,390</u>	<u>\$79,659</u>	<u>\$169,708</u>

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

9. Interfund Transfers and Advances (Continued)

During 2012 the following advances were made:

		Advances Out		
		General	Enterprise	Total
Advances In	General Fund		\$16,000	\$16,000
	Special Revenue Fund	\$10,390		10,390
	Enterprise Fund	16,000		16,000
	Total	\$26,390	\$16,000	\$42,390

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VILLAGE OF CONTINENTAL
PUTNAM COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Development Services Agency - Office of Community Development</i>			
Community Development Block Grant	C-W-12-2MS-1	14.228	\$590,000
FEDERAL DEPARTMENT OF PUBLIC SAFETY EMERGENCY MANAGEMENT AGENCY			
<i>Passed Through Ohio Department of Public Safety Emergency Management Agency</i>			
Federal Emergency Management Agency	DR-4077-OH	97.036	<u>12,112</u>
Total Federal Expenditures			<u><u>\$602,112</u></u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Village of Continental's (the Village's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Continental
Putnam County
P.O. Box 447
Continental, Ohio 45831-0447

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Continental, Putnam County, Ohio (the Village) as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 through 2013-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-003 and 2013-004.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

June 24, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Village of Continental
Putnam County
P.O. Box 447
Continental, Ohio 45831-0447

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Continental, Putnam County, Ohio's (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village of Continental's major federal program for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Village's major federal program.

Management's Responsibility

The Village's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. 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 our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of Continental complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

June 24, 2014

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	GAAP – Adverse Regulatory - Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant - CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2013-001

Material Weakness - Monitoring of Financial Transactions

The small size of the Village's fiscal operations does not allow for an adequate segregation of duties. The Fiscal Officer performs most accounting functions. It is therefore important Council monitor financial activity closely.

**FINDING NUMBER 2013-001
(Continued)**

While the Village Council does review all expenditures, there was no evidence of the extent to which Council reviewed other financial information to monitor financial activity, including review of monthly bank reconciliations, detailed revenue or disbursement ledgers, budgetary reports, fund balance reports, or invoices on a regular basis. This information provides important data necessary to manage Village operations.

The lack of monitoring by Council contributed to the inaccurate posting of transactions to the financial statements. We noted posting errors, including the following:

Note proceeds and note principal payments paid on behalf of the Village by the Ohio Water Development Agency (OWDA) were understated by \$21,883 during 2013 in the Enterprise Sewer Lagoon Fund. Also a \$136,295 OWDA principal payment was incorrectly posted to capital outlay during 2013 in the Enterprise Sewer Lagoon Fund.

Adjusting entries were posted to the Village's financial statements and accounting records to correct these and other errors, ranging from \$100 to \$158,178.

In order to ensure the financial activity of the Village is being properly accounted for and bills are being paid on time, we recommend the Council review invoices and financial reports, including monthly bank reconciliations, detailed revenue and disbursement ledgers, budget verses actual reports, and fund balance reports, on a frequent basis, perhaps monthly. The documents should be reviewed, initialed, and approved in the minutes. Council should also review the annual financial statements prepared by the Fiscal Officer for accuracy and completeness. In addition, we recommend the Fiscal Officer follow guidelines of Auditor of State Bulletin 2000-008 which describes accounting for cash basis local governments' participation in on behalf grants.

FINDING NUMBER 2013-002

Material Weakness – Estimated Revenue Postings

Estimated revenues posted to the Village's accounting system should be based on amounts formally reviewed and approved by Council. Estimated revenues as approved by and certified by the County Budget Commission and reflected in the amended certificates of estimated resources at December 31, 2013 and 2012 differed from posted estimated revenue amounts, in various funds as follows:

**FINDING NUMBER 2013-002
(Continued)**

Fund	Approved Estimated Revenues	Posted Estimated Revenues	Difference Over/(Under)
For the year ended December 31, 2013:			
General Fund	\$503,137	\$413,137	(\$90,000)
Street, Construction, Maintenance, and Repair Fund	75,200	84,200	9,000
Federal Emergency Management Fund	29,552	12,112	(17,440)
Debt Fund	63,700	51,700	(12,000)
For the year ended December 31, 2012:			
General Fund	\$373,775	\$306,947	(\$66,828)
Debt Fund	45,740	37,740	(8,000)
Water Fund	166,517	166,617	100
Sewer Fund	206,000	119,000	(87,000)
Sewer Loan Fund	62,517	94,517	32,000

The notes to the financial statements were corrected to reflect the amounts approved in the certificate of estimated resources.

Inaccurate budgetary amounts hinder Council's ability to monitor the Village's financial condition when reviewing budgetary reports. Inaccurate budgetary amounts could also cause appropriations to exceed estimated resources and deficit spending.

The Fiscal Officer should only post approved and accurate budgetary amounts to the accounting system. Estimated revenue postings to the Village's accounting system should be based on amounts officially approved and certified on the amended certificates of estimated resources. Council's review of budgetary reports should include a comparison of posted amounts to the amended certificates, resolutions, and minutes for approved amounts.

FINDING NUMBER 2013-003

Material Weakness and Noncompliance

Ohio Rev. Code § 5705.40 provides that any appropriation ordinance or measure may be amended or supplemented as long as such amendment or supplement complies with all provisions of law governing the taxing authority in making an original appropriation. The legally adopted appropriations, including prior year carryover appropriations, were different than the posted appropriations, including prior year carryover appropriations, in the following funds:

**FINDING NUMBER 2013-003
(Continued)**

<u>Fund</u>	<u>Approved Appropriations</u>	<u>Posted Appropriations</u>	<u>Difference</u>
For the year ended December 31, 2013:			
Police Fund	\$163,700	\$161,700	(\$2,000)
Federal Emergency Management Fund	12,690	2,300	(10,390)
For the year ended December 31, 2012:			
General Fund	233,740	303,991	70,251
Street, Construction, Maintenance, and Repair Fund	119,310	116,709	(2,601)
State Highway Fund	2,524	7,624	5,100
Permissive Tax Fund	20,000	22,000	2,000
Police Fund	36,300	113,796	77,440
Federal Emergency Management Fund		17,440	17,440
Water Fund	22,279	172,753	150,474
Sewer Fund	179,500	183,380	3,880
Sewer Lagoon Fund	2,183,185		(2,183,185)
Deposit Fund	245,693	248,693	3,000

The budgetary disclosures have been adjusted to reflect appropriations approved by Council.

We recommend the Fiscal Officer only post appropriation measures which have been formally adopted by Council in the minutes of the Village's record of proceedings and certified by the County Auditor. We also recommend the Village develop procedures to ensure proper posting to the accounting system and financial statements. Additionally, should the Village need to amend or supplement its original appropriation measure, it should review the applicable Rev. Code section and work with its legal counsel to ensure compliance with all appropriate law.

FINDING NUMBER 2013-004

Noncompliance

Ohio Rev. Code § 5705.41(B) No subdivision or taxing unit is to expend money unless it has been appropriated. As of December 31, 2012, expenditures in the General Fund, Water Fund and Police Fund of \$238,482, \$154,051 and \$99,133, respectively, exceeded appropriations by \$4,742, \$131,772 and \$62,833, respectively. This could result in negative fund balances.

We recommend the Fiscal Officer and Village Council review and amend appropriations whenever necessary to help prevent expenditures from exceeding appropriations, provided sufficient resources are available.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

3. FINDING FOR FEDERAL AWARDS

None

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Ohio Revised Code § 5705.10 for monies credited to improper funds and for a deficit balance.	Yes	
2011-002	Material Weakness for improved monitoring of financial activity.	No	Not corrected. Reissued in this report as Finding 2013-001.
2011-003	Material Weakness for Estimated Revenue Postings.	No	Not corrected. Reissued in this report as Finding 2013-002.

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VILLAGE OF CONTINENTAL

PUTNAM 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, 2014**