



Dave Yost • Auditor of State



VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of McConnelsville, Morgan 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 of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 opinions.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 1 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 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 McConnelsville, Morgan County, Ohio, as of December 31, 2013 and December 31, 2012, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Other Matters***

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

The Schedule of Federal Award Expenditures (the 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 December 2, 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 "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 2, 2014

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**VILLAGE OF MCCONNELSVILLE  
MORGAN 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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$33,369	\$49,810		\$83,179
Municipal Income Tax	376,387			376,387
Intergovernmental	196,846	71,610	\$159,298	427,754
Charges for Services	46,390			46,390
Fines, Licenses and Permits	57,382	7,745		65,127
Earnings on Investments	45,496	5,489		50,985
Miscellaneous	14,023	1,230		15,253
<i>Total Cash Receipts</i>	<u>769,893</u>	<u>135,884</u>	<u>159,298</u>	<u>1,065,075</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	273,207	24,229		297,436
Public Health Services	10,064			10,064
Leisure Time Activities	51,560			51,560
Transportation	13,455	70,135		83,590
General Government	195,789		159,298	355,087
Debt Service:				
Principal Retirement	3,956			3,956
Interest and Fiscal Charges	347			347
<i>Total Cash Disbursements</i>	<u>548,378</u>	<u>94,364</u>	<u>159,298</u>	<u>802,040</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	221,515	41,520	0	263,035
<i>Fund Cash Balances, January 1</i>	<u>266,654</u>	<u>108,182</u>	<u>0</u>	<u>374,836</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	148			148
Restricted		149,702		149,702
Assigned	483,950			483,950
Unassigned (Deficit)	4,071			4,071
<i>Fund Cash Balances, December 31</i>	<u>\$488,169</u>	<u>\$149,702</u>	<u>\$0</u>	<u>\$637,871</u>

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

**VILLAGE OF MCCONNELSVILLE  
MORGAN 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, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,085,941		\$1,085,941
Fines, Licenses and Permits		\$81,586	81,586
<i>Total Operating Cash Receipts</i>	<u>1,085,941</u>	<u>81,586</u>	<u>1,167,527</u>
<b>Operating Cash Disbursements</b>			
Personal Services	212,680		212,680
Employee Fringe Benefits	81,099		81,099
Contractual Services	358,927		358,927
Supplies and Materials	55,666		55,666
Other		81,586	81,586
<i>Total Operating Cash Disbursements</i>	<u>708,372</u>	<u>81,586</u>	<u>789,958</u>
<i>Operating Income (Loss)</i>	<u>377,569</u>	<u>0</u>	<u>377,569</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	189,600		189,600
Miscellaneous Receipts	32,315		32,315
Capital Outlay	(215,180)		(215,180)
Principal Retirement	(94,719)		(94,719)
Interest and Other Fiscal Charges	(14,133)		(14,133)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(102,117)</u>	<u>0</u>	<u>(102,117)</u>
<i>Net Change in Fund Cash Balances</i>	275,452	0	275,452
<i>Fund Cash Balances, January 1</i>	<u>433,653</u>	<u>148</u>	<u>433,801</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$709,105</u></u>	<u><u>\$148</u></u>	<u><u>\$709,253</u></u>

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

**VILLAGE OF MCCONNELSVILLE  
MORGAN 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	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$32,513	\$49,507		\$82,020
Municipal Income Tax	383,694			383,694
Intergovernmental	78,788	72,956	\$84,509	236,253
Charges for Services	62,516			62,516
Fines, Licenses and Permits	46,127	6,702		52,829
Earnings on Investments	31,957	3,939		35,896
Miscellaneous	101,387	1,359		102,746
<i>Total Cash Receipts</i>	<u>736,982</u>	<u>134,463</u>	<u>84,509</u>	<u>955,954</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	350,665	23,689		374,354
Public Health Services	10,064			10,064
Leisure Time Activities	127,305			127,305
Transportation	14,555	102,144		116,699
General Government	240,809	1,081		241,890
Capital Outlay			84,509	84,509
Debt Service:				
Principal Retirement	3,845			3,845
Interest and Fiscal Charges	459			459
<i>Total Cash Disbursements</i>	<u>747,702</u>	<u>126,914</u>	<u>84,509</u>	<u>959,125</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,720)</u>	<u>7,549</u>	<u>0</u>	<u>(3,171)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers Out	(2)			(2)
Other Financing Uses	(197)			(197)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(199)</u>	<u>0</u>	<u>0</u>	<u>(199)</u>
<i>Net Change in Fund Cash Balances</i>	(10,919)	7,549	0	(3,370)
<i>Fund Cash Balances, January 1</i>	<u>277,573</u>	<u>100,633</u>	<u>0</u>	<u>378,206</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	148			148
Restricted		108,182		108,182
Assigned	266,506			266,506
<i>Fund Cash Balances, December 31</i>	<u>\$266,654</u>	<u>\$108,182</u>	<u>\$0</u>	<u>\$374,836</u>

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

**VILLAGE OF MCCONNELSVILLE  
MORGAN 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)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,017,752		\$1,017,752
Fines, Licenses and Permits		\$65,888	65,888
<i>Total Operating Cash Receipts</i>	<u>1,017,752</u>	<u>65,888</u>	<u>1,083,640</u>
<b>Operating Cash Disbursements</b>			
Personal Services	210,949		210,949
Employee Fringe Benefits	73,758		73,758
Contractual Services	354,633		354,633
Supplies and Materials	75,364		75,364
Other		65,888	65,888
<i>Total Operating Cash Disbursements</i>	<u>714,704</u>	<u>65,888</u>	<u>780,592</u>
<i>Operating Income (Loss)</i>	<u>303,048</u>	<u>0</u>	<u>303,048</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	840,497		840,497
Other Debt Proceeds	285,769		285,769
Miscellaneous Receipts	24,757		24,757
Capital Outlay	(1,056,890)		(1,056,890)
Principal Retirement	(214,534)		(214,534)
Interest and Other Fiscal Charges	(12,519)		(12,519)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(132,920)</u>	<u>0</u>	<u>(132,920)</u>
<i>Income (Loss) before Transfers</i>	170,128	0	170,128
Transfers In		2	2
<i>Net Change in Fund Cash Balances</i>	170,128	2	170,130
<i>Fund Cash Balances, January 1</i>	<u>263,525</u>	<u>146</u>	<u>263,671</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$433,653</u></u>	<u><u>\$148</u></u>	<u><u>\$433,801</u></u>

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

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 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 McConnelsville, Morgan County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with the M & M Fire Department to receive fire protection services.

The Village participates in a jointly governed organization. Note 10 to the financial statements provides additional information for this entity. The organization is:

Jointly Governed Organization:  
Malta-McConnelsville Joint Recreation Board

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**

During 2013 and 2012, the Village invested all available funds in a SuperNow checking account.

**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 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 MCCONNELSVILLE  
MORGAN COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

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

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

Street Levy Fund - This fund receives property tax money to be used for Village street paving.

**3. Capital Project Funds**

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 Funds:

Distress Grant - This fund receives proceeds of grant money. The monies received were used for LED street lighting, paving, sidewalk repair and swimming pool repair.

Street Paving Fund - This fund receives proceeds of grant monies through the Ohio Public Works Commission and is being handled by Morgan County. The monies received are for repaving of specified streets within the Village.

**4. 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.

Kennebec West Sewer Separation Fund - This fund receives proceeds of grant money through Community Development Block Grants and proceeds through an Ohio Water Development Authority loan. The monies received were used for slip lining of the sanitary sewer system and to separate the storm sewer from the sanitary sewer system.

**5. 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.

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**5. Fiduciary Funds (Continued)**

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's agency fund accounts for court monies received and disbursed to the Village, State and County.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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:

**1. Nonspendable**

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

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**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 MCCONNELSVILLE  
MORGAN COUNTY**

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

**2. Equity in Pooled Deposits**

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

	2013	2012
Demand deposits	\$1,347,124	\$808,637

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

**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	\$760,950	\$769,893	\$8,943
Special Revenue	133,516	135,884	2,368
Capital Projects	159,298	159,298	0
Enterprise	1,190,104	1,307,856	117,752
Total	\$2,243,868	\$2,372,931	\$129,063

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$814,261	\$551,639	\$262,622
Special Revenue	222,811	94,932	127,879
Capital Projects	159,298	159,298	0
Enterprise	1,498,759	1,071,911	426,848
Total	\$2,695,129	\$1,877,780	\$817,349

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$725,500	\$736,982	\$11,482
Special Revenue	132,902	134,463	1,561
Capital Projects	84,509	84,509	0
Enterprise	2,038,059	2,168,775	130,716
Total	\$2,980,970	\$3,124,729	\$143,759

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**3. Budgetary Activity (Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$881,501	\$747,901	\$133,600
Special Revenue	220,619	126,914	93,705
Capital Projects	84,509	84,509	0
Enterprise	2,209,511	1,998,647	210,864
Total	\$3,396,140	\$2,957,971	\$438,169

**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 one 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.

**6. Debt**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 1726	\$19,586	7.59%
Promissory Note - Citizens National Bank	21,067	3.90%
Ohio Water Development Authority Loan 5138	60,470	0.00%
Ohio Water Development Authority Loan 5210	781,711	1.00%
Ohio Public Works Commission Loan CT56I	55,594	0.00%
Ohio Public Works Commission Loan CT68K	31,246	0.00%
Ohio Public Works Commission Loan CR15M	177,458	0.00%
Promissory Note - First National Bank	10,038	2.85%
Ohio Public Works Commission Loan CR10N	51,954	0.00%
Ohio Water Development Authority Loan 6067	109,185	1.00%
Total	\$1,318,309	

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**6. Debt (Continued)**

The Ohio Water Development Authority (OWDA) loan 1726 payments began in 1990 and relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments over a total of 25 years.

The Citizens National Bank promissory note payments began in 2008 and relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in monthly installments over a total of 10 years.

The Ohio Water Development Authority (OWDA) loan 5138 payments began in 2010 and relates to a water meter project. The Village installed meters within the entire serviced area. The loan will be repaid in semiannual installments over a total of 30 years.

The OWDA loan 5210 payments began in 2010 and relates to a water system streamlining and the building of a new water tank. The loan will be repaid in semiannual installments over a total of 30 years.

The Ohio Public Works Commission (OPWC) loan CT56I payments began in 2008 and relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments over a total of 20 years.

The OPWC loan CT68K payments began in 2009 and relates to a water main replacement project. The loan will be repaid in semiannual installments over a total of 30 years.

The OPWC loan CR15M payments began in 2011 and relates to a water meter project. The loan will be repaid in semiannual installments over a total of 20 years.

The First National Bank promissory note payments began in 2011 and were for the purchase of a tractor. The loan will be repaid in monthly installments over a total of 5 years.

The OPWC loan CR10N payments began in 2013 and relate to the West Sewer Separation project for headwall and slope protection, PVC storm sewer, asphalt and granular backfill, sanitary sewer relining, manhole rehabilitation, clay dams, existing structure removal, utility relocation and erosion control. The loan will be repaid in semiannual installments over a total of 30 years.

The OWDA loan 6067 payments began in 2013 and relates to the construction of a sanitary sewer and storm sewers in the Village in order to separate its combined sewer system and the installation of a permanent flow meter in an existing lift station. The loan will be repaid in semiannual installments over a total of 20 years.

All of the loans are secured by water, sewer or tax receipts. The Village has agreed to set utility and tax rates sufficient to cover OWDA, OPWC, First National Bank and Citizens National Bank debt service requirements.

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**6. Debt (Continued)**

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

Year ending December 31:	OWDA Loan 1726	Citizens National Bank - Promissory Note	OWDA Loan 5138	OWDA Loan 5210	OPWC Loan CT56I
2014	\$21,071	\$6,558	\$1,186	\$17,109	\$1,985
2015		7,870	2,371	34,218	3,971
2016		7,858	2,371	34,218	3,971
2017			2,371	34,218	3,971
2018			2,371	34,218	3,971
2019-2023			11,857	171,091	19,855
2024-2028			11,857	171,091	17,870
2029-2033			11,857	171,091	
2034-2038			11,857	171,091	
2039-2043			2,372	51,329	
Total	<u>\$21,071</u>	<u>\$22,286</u>	<u>\$60,470</u>	<u>\$889,674</u>	<u>\$55,594</u>

Year ending December 31:	OPWC Loan CT68K	OPWC Loan CR15M	First National Bank - Promissory Note	OPWC Loan CR10N	OWDA Loan 6067
2014	\$625	\$5,219	\$4,303	\$896	\$3,240
2015	1,250	10,439	4,303	1,792	6,479
2016	1,250	10,439	1,793	1,792	6,479
2017	1,250	10,439		1,792	6,479
2018	1,250	10,439		1,792	6,479
2019-2023	6,249	52,194		8,957	32,397
2024-2028	6,249	52,193		8,957	32,397
2029-2033	6,249	26,096		8,957	25,917
2034-2038	6,249			8,957	
2039-2043	625			8,062	
Total	<u>\$31,246</u>	<u>\$177,458</u>	<u>\$10,399</u>	<u>\$51,954</u>	<u>\$119,867</u>

**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.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10.75% and 10% of their wages, respectively. 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.

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**9. Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**10. Jointly Governed Organization**

The Village of McConnelsville and the Village of Malta jointly purchased 18 acres of real estate located in Malta, Ohio, to develop and construct a public park. The Villages of McConnelsville and Malta equally shared the costs associated with the park.

In 2009, by Ordinance 09-02, the Villages of Malta and McConnelsville formed a joint recreation board to manage and operate the community park under the provisions of Ohio Revised Code § 755.14(B)(1) there is hereby created a joint recreation board which shall possess all the powers and be subject to all the responsibilities of a recreation board as set forth in §§ 755.12 to 755.18 of the Revised Code. The joint recreation board constructs, operates, and maintains the joint community park and any other recreational facility jointly assigned to it by the Councils of Malta and McConnelsville.

The joint recreation board consists of eight (8) members; at least five (5) of who shall be residents of either the Village of Malta or the Village of McConnelsville. Four (4) of the members shall be appointed by the Mayor of McConnelsville with the four (4) remaining members appointed by the Mayor of Malta: however, no member of the board also shall be a current member of either village council. All members of the board will serve term of four (4) years, except that the members first appointed shall be appointed for such terms that the term of two members shall expire annually thereafter. Vacancies in the board, occurring otherwise than by expiration of term, shall be for the unexpired term and shall be filled in the same manner as original appointments. Members of the board shall serve without pay.

The joint recreation board shall not incur debt without the prior approval of both village councils.

Each year the two village councils shall agree on the amount, not to be less than two thousand dollars (\$2,000), each shall pay to and appropriate for the benefit of the joint recreation board the next calendar year.

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**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	<b>Pass-through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Development Services Agency:</i>			
Community Development Block Grants - State's Program	C-W-09-2HH-1	14.228	\$327,565
	C-P-09-2HH01		<u>191,280</u>
Total Community Development Block Grants - State's Program			<u>518,845</u>
Total U.S. Department of Housing and Urban Development			<u>518,845</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$518,845</u></u></b>

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

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Village of McConnellsville'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 McConnelsville  
Morgan County  
9 West Main Street  
McConnelsville, Ohio 43756

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 McConnelsville, Morgan County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated December 2, 2014, wherein we noted the Village followed accounting financial reporting provisions of Ohio Rev. Code § 117.38 and the Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

### ***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 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*, in the accompanying Schedule of Findings as items 2013-001 through 2013-003.

***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

December 2, 2014



# Dave Yost • Auditor of State

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

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

To the Village Council:

### ***Report on Compliance for the Major Federal Program***

We have audited the Village of McConnelsville's, Morgan County, Ohio, (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's major federal program for the year ended December 31, 2012. 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 program.

### ***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.

***Basis for Qualified Opinion on the Community Development Block Grant Program***

As described in Finding 2013-004 in the accompanying Schedule of Findings, the Village did not comply with requirements regarding reporting applicable to its Community Development Block Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the Village to comply with requirements applicable to this program.

***Qualified Opinion on the Community Development Block Grant Program***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Community Development Block Grant Program*, the Village complied, in all material respects with the requirements referred to above that could directly and materially affect its *Community Development Block Grant Program* for the year ended December 31, 2012.

***Other Matters***

The Village's response to our noncompliance finding is described in the accompanying Schedule of Findings and corrective action plan. We did not audit the Village's response and, accordingly, we express no opinion on it.

***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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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's 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 a 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2013-004 to be a material weakness.

The Village's response to our internal control over compliance finding is described in the accompanying Schedule of Findings and corrective action plan. We did not audit the Village's response and, accordingly, we express no opinion on it.

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

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

December 2, 2014

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**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> <li>• Community Development Block Grants – State's Program, CFDA #14.228</li> </ul>	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

**FINDING NUMBER 2013-001**

**Noncompliance/Material Weakness**

Ohio Rev. Code § 5705.10 states all revenue derived from a source other than the general property tax and which the law prescribes, shall be used for a particular purpose is to be paid into a special fund for such purpose.

During 2013, UV disinfection grant monies in the amount of \$189,600 for sewer improvements, were posted to a Governmental Capital Projects Fund type instead of an Enterprise Fund type.

During 2012, Ohio Water Development Authority monies, Ohio Public Works Commission monies and Community Development Block Grant monies in the amounts of \$232,023, \$253,745 and \$518,845, respectively, for sewer improvements, were posted to a Governmental Capital Projects Fund type instead of an Enterprise Fund type. The adjustments noted above have been made by the Village and are reflected in the financial statements.

We recommend the Fiscal Officer ensure revenues are posted to the correct funds based on the purpose of the funds received.

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-002**

**Noncompliance/Material Weakness**

Ohio Rev. Code § 5705.42 provides that federal and state grants or loans are “deemed appropriated for the purpose for which such bond was issued by the taxing authority” as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection. The fiscal officer should also include the appropriated amounts on the (amended) certificate to properly monitor budget versus actual activity.

AOS Bulletin 2000-008 provides guidance for cash basis accounting for on-behalf funding. In short, the Bulletin indicates that when a local government enters into an on-behalf program agreement with another local government or the State (or federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made. In addition, the applicable budgetary legal requirements should be followed for the program the same as if moneys were received and expended by the local government.

Ohio Rev. Code § 5705.36(A)(3) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the excess.

During 2012, the Ohio Water Development Authority (OWDA) issued principal forgiveness in the amount of \$121,652 for account #6067 which was not recorded as intergovernmental receipts and principal payments by the Village to the Sewer Fund.

The Village did not obtain an amended certificate for this new amount of revenue or amend appropriations for the amounts disbursed. Therefore these estimated receipts and supplemental appropriations were not recorded to their budgetary accounting system.

We recommend that all "on-behalf" payments be posted to the Village's ledgers. We further recommend that when “on-behalf” disbursements are made, the Village must obtain an amended certificate from the budget commission and record supplemental appropriations with the budget commission. If the budget commission certifies an amended official certificate and approves supplemental appropriations, then the Village should amend their budgetary accounting system. All significant adjustments have been made to the financial statements.

**FINDING NUMBER 2013-003**

**Noncompliance Citation/Material Weakness**

Ohio Admin. Code 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code § 117-2-03.



**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-003 (Continued)**

**Noncompliance/Material Weakness – Ohio Admin Code § 117-2-02(A) (Continued)**

During 2013, the Fiscal Officer posted certain transactions incorrectly as follows:

- Homestead and rollback, deregulation monies and LGTTP monies in the amount of \$926 were posted to taxes in the Street Levy Fund (2901) instead of intergovernmental; and
- Cultural Grant monies for reimbursement of Opera House Roof in the amount of \$39,650 and \$7,400 were posted to General Fund as Miscellaneous receipts instead of Intergovernmental receipts.

During 2012, the Fiscal Officer posted certain transactions incorrectly as follows:

- Deregulation and LGTTP monies in the amount of \$1,831 were posted to taxes in the Street Levy Fund (2901) instead of Intergovernmental;
- Ohio Water Development Authority (OWDA) monies in the amount of \$232,023 and Ohio Public Works Commission (OPWC) monies in the amount of \$53,745 were posted to intergovernmental in the Kennebec West Sewer Separation Fund (4201) instead of proceeds of loan;
- Cultural grant monies in the amount of \$25,000 for the Opera House roof project were posted to miscellaneous revenue instead of intergovernmental; and
- Ohio Development Services Agency business grant monies in the amount of \$17,600 for the swimming pool project were posted to miscellaneous revenue instead of intergovernmental.

The significant reclassifications, with which management agrees, were posted to the financial statements of the Village.

We recommend the Fiscal Officer refer to the Ohio Village Handbook for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the Village's year-end financial statements reflect the appropriate sources of the Village's receipts and expenditures.

**Officials' Response:**

Management declined to respond to the aforementioned Findings 2013-001 through 2013-003.

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

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

**3. FINDINGS FOR FEDERAL AWARDS**

**Noncompliance/Material Weakness**

<b>Finding Number</b>	2013-004
<b>CFDA Title and Number</b>	Community Development Block Grant—State Program #14.228
<b>Federal Award Number / Year</b>	C-W-09-2HH-1/ C-P-09-2HH01
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Development Services Agency

OMB Circular A-133, Subpart B, § .200(b) requires non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single audit conducted.

OMB Circular A-133, Subpart C, § .320(a) requires the audit be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

We determined the Village expended more than \$500,000 in federal awards during 2012. The Village did not have a single audit performed in 2013, but the audit was conducted in 2014. As a result, the Village did not have a single audit performed and submit the audit report as part of the reporting package within nine months after the end of the audit period to the Federal Audit Clearinghouse.

We recommend the Fiscal Officer review federal expenditures in order to determine if more than \$500,000 is expended in any calendar year. If more than \$500,000 in federal awards is expended, the Village should ensure that a single audit is performed at the end of the calendar year.

**VILLAGE OF MCCONNELSVILLE  
MORGAN COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315(c)  
DECEMBER 31, 2013 AND 2012**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-004	The Village intends to adopt procedures to allow Village officials to be aware of total federal funding in a given year to determine if a single audit is required for the federal funding received during the calendar year.	12/31/2014	Ellen Henry, Fiscal Officer

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# Dave Yost • Auditor of State

**VILLAGE 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  
DECEMBER 16, 2014**