



Dave Yost • Auditor of State

VILLAGE OF CONESVILLE
COSHOCTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Conesville
Coshocton County
P.O. Box 214
Conesville, Ohio 43811

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and the related notes of the Village of Conesville, Coshocton County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013.

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 § 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Additional Opinion Qualification* paragraph below.

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, 2014 and 2013, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Miscellaneous receipts in the General Fund are reported at \$2,775 for the year ended December 31, 2013, which is 11 percent of General Fund receipts for the year ended December 31, 2013. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as miscellaneous receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matters described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Conesville, Coshocton County, Ohio as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016, 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.



Dave Yost
Auditor of State
Columbus, Ohio

October 25, 2016

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$11,527	\$0	\$0	\$11,527
Intergovernmental	11,553	10,288	0	21,841
Earnings on Investments	3	0	0	3
Contributions and Donations	0	12,000	0	12,000
Miscellaneous	457	0	0	457
<i>Total Cash Receipts</i>	<u>23,540</u>	<u>22,288</u>	<u>0</u>	<u>45,828</u>
Cash Disbursements				
Current:				
Transportation	0	12,217	109,250	121,467
General Government	15,234	0	0	15,234
Debt Service:				
Principal Retirement	4,171	0	0	4,171
<i>Total Cash Disbursements</i>	<u>19,405</u>	<u>12,217</u>	<u>109,250</u>	<u>140,872</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,135</u>	<u>10,071</u>	<u>(109,250)</u>	<u>(95,044)</u>
Other Financing Receipts (Disbursements)				
Sale of Bonds	0	0	131,964	131,964
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>131,964</u>	<u>131,964</u>
<i>Net Change in Fund Cash Balances</i>	4,135	10,071	22,714	36,920
<i>Fund Cash Balances, January 1</i>	<u>6,995</u>	<u>15,355</u>	<u>0</u>	<u>22,350</u>
Fund Cash Balances, December 31				
Restricted	0	25,426	22,714	48,140
Unassigned (Deficit)	11,130	0	0	11,130
<i>Fund Cash Balances, December 31</i>	<u>\$11,130</u>	<u>\$25,426</u>	<u>\$22,714</u>	<u>\$59,270</u>

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

**VILLAGE OF CONESVILLE
COSHOCKTON 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$11,684	\$0	\$11,684
Intergovernmental	11,878	12,546	24,424
Earnings on Investments	3	0	3
Miscellaneous	2,775	0	2,775
<i>Total Cash Receipts</i>	<u>26,340</u>	<u>12,546</u>	<u>38,886</u>
Cash Disbursements			
Current:			
Transportation	0	3,100	3,100
General Government	34,899	0	34,899
Debt Service:			
Principal Retirement	4,171	0	4,171
<i>Total Cash Disbursements</i>	<u>39,070</u>	<u>3,100</u>	<u>42,170</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(12,730)	9,446	(3,284)
<i>Fund Cash Balances, January 1</i>	<u>19,725</u>	<u>5,909</u>	<u>25,634</u>
Fund Cash Balances, December 31			
Restricted	0	15,355	15,355
Unassigned (Deficit)	6,995	0	6,995
<i>Fund Cash Balances, December 31</i>	<u><u>\$6,995</u></u>	<u><u>\$15,355</u></u>	<u><u>\$22,350</u></u>

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

**VILLAGE OF CONESVILLE
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Conesville, Coshocoton County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services including road maintenance and repair.

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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits

All deposits are maintained in interest bearing checking accounts.

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 Fund:

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

VILLAGE OF CONESVILLE
COSHOCTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Fund:

Bond Construction Fund - This fund receives proceeds of general obligation bonds. The proceeds are being used to repair the Village's streets.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into 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. 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.

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

2. 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.

2. EQUITY IN POOLED DEPOSITS

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

	2014	2013
Demand deposits	\$59,270	\$22,350

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,165	\$23,540	(\$15,625)
Special Revenue	12,765	22,288	9,523
Capital Projects	0	131,964	131,964
Total	\$51,930	\$177,792	\$125,862

**VILLAGE OF CONESVILLE
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$19,405	(\$19,405)
Special Revenue	0	12,217	(12,217)
Capital Projects	0	109,250	(109,250)
Total	\$0	\$140,872	(\$140,872)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,000	\$26,340	(\$24,660)
Special Revenue	20,000	12,546	(7,454)
Total	\$71,000	\$38,886	(\$32,114)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$39,070	(\$39,070)
Special Revenue	0	3,100	(3,100)
Total	\$0	\$42,170	(\$42,170)

Contrary to Ohio Rev. Code § 5705.38(A), appropriations were not formally approved by Village Council. Since appropriations were not formally approved, expenditures in all funds exceeded appropriations contrary to Ohio Rev. Code § 5705.41(B).

Contrary to Ohio Rev. Code § 5705.41(D), all expenditures were not properly certified by the Fiscal Officer as the Village did not utilize purchase orders in 2014 or 2013.

Contrary to Ohio Rev. Code § 5705.10(A) and various other sections of the Ohio Rev. Code, property tax settlements and other State funds were not included in the correct funds resulting in adjustment to certain fund's cash balances.

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.

**VILLAGE OF CONESVILLE
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Street Improvement Bonds	\$131,964	3%
Ohio Public Works Commission	39,628	0%
Total	\$171,592	

The Street Improvements Bonds were issued in 2014 to finance the repair and maintenance of the Village's streets. The payments are due in semi-annual installments maturing in 2019. The Village has established a municipal income tax of 1% effective January 1, 2015 in order to cover the repayment of the debt.

The Ohio Public Works Commission loan was issued in 2004 to finance the construction of storm sewer improvements. The payments are due in semi-annual installments maturing in 2024. The Village has set aside local government monies sufficient to cover the repayment of the debt.

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

Year ending December 31:	Street Improvement Bond	OPWC Loan
2015	\$28,843	\$4,171
2016	28,843	4,171
2017	28,843	4,171
2018	28,843	4,171
2019	28,843	4,171
2020-2024	0	18,773
Total	\$144,215	\$39,628

6. RISK MANAGEMENT

Commercial Insurance

The Village is uninsured for the following risks:

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

7. SUBSEQUENT EVENTS

Village Council approved a 1% income tax effective January 1, 2015. Monies generated from the tax will be used to pay off the Street Improvement Bond, Series 2014.

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

Village of Conesville
Coshocton County
P.O. Box 214
Conesville, Ohio 43811

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 cash balances, receipts, and disbursements by fund type of the Village of Conesville, Coshocton County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated October 25, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also qualified our opinion on the General Fund for the year ended December 31, 2013 because we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as miscellaneous receipts in the amount of \$2,775.

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 opinions 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 and significant deficiencies.

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. We consider findings 2014-002 and 2014-007 through 2014-009 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-006 described in the accompanying Schedule of Findings to be a significant deficiency.

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 2014-001 through 2014-006.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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

October 25, 2016

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Noncompliance

Ohio Rev. Code § 121.22(C) states, in part, that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

In addition, Ohio Rev. Code § 733.262(D) states that a village fiscal officer shall be appointed by the mayor of the village, but that appointment does not become effective until it is approved by a majority vote of the village legislative authority. The village fiscal officer need not be an elector of the village or reside in the village at the time of appointment; however, the fiscal officer shall become a resident of the village within six months after the appointment takes effect, unless an ordinance is passed approving the fiscal officer's residence outside of the village.

Village Council met once a month in order to discuss and review Village activity. The minute records were recorded by the Fiscal Officer who also served as Clerk of Council.

During our review of the Council minute records, we noted the minutes lacked pertinent information, such as the following:

- The vote and roll call of each Council member on each motion should be documented (i.e., the appointment of the Fiscal Officer);
- The election of Council President;
- Financial reports given to Council for review by the Fiscal Officer should be approved;
- Minutes were not signed by the Council President and Fiscal Officer;
- The establishment of any new funds such as the creation of a capital projects fund in 2014;
- The approval to hire individuals for mowing or snow plow services and establishing an hourly rate of pay; and,
- All budgetary activity should be approved and documented (i.e., permanent appropriations, amended supplemental appropriations, accepting the amounts and rates as determined by the Budget Commission, transfer and advance activity).

Failure to maintain an organized minute record and ordinances could result in inaccurate reporting of monthly meeting activity, as well as an inaccurate permanent record of meetings.

The Village should implement procedures to ensure that all Council minutes are accurately recorded and reflect all pertinent information. This will help ensure that readers are provided with all the information concerning Council activity.

Officials' Response: There will be an ordinance to be voted on for approval of the Fiscal Officer's residence to be outside the Village at the November 9, 2016 meeting. Procedures have been implemented to ensure that all Council minutes are recorded accurately and reflect all pertinent information.

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(A) required that all revenue derived from the general levy for current expense within the ten-mill limitation and from any general levy for current expense authorized by vote in excess of the ten-mill limitation and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund. Additionally, the Village received funding restricted for the purpose of street maintenance, repair and construction from permissive taxes, motor vehicle license taxes and gasoline taxes pursuant to Ohio Rev. Code Chapter 4503, § 4504.15, § 4504.16, § 5728.06 and Chapter 5735. These funds were required to be reported in the Village's Street Fund.

During 2014 and 2013, the Village received revenues from property taxes, local government assistance from the State, and various State collected revenue restricted for the purpose of street maintenance, repair and construction. However, the Village did not consistently report this revenue within the correct fund. Revenue was often reported within an incorrect classification. This resulted in the following:

- For 2014, the General Fund cash fund balance, Property Tax and Other Local Taxes, and Intergovernmental Revenue were overstated by \$2,009, \$692 and \$397, respectively. General Fund General Government Disbursements, Interest and Miscellaneous Revenue were understated by \$992, \$1 and \$71, respectively;
- For 2014, Special Revenue Fund cash fund balance and Intergovernmental Revenue were understated by \$2,009 and \$2,163, respectively. Special Revenue Fund Property and Other Local Taxes Revenues were overstated by \$154;
- For 2013, the General Fund cash fund balance, Property Tax and Other Local Taxes, and General Government Disbursements were overstated by \$2,334, \$15,700 and \$636, respectively. General Fund Intergovernmental Revenue, Interest and Miscellaneous Revenue were understated by \$11,878, \$1 and \$851, respectively; and
- For 2013, Special Revenue Fund cash fund balance and Intergovernmental Revenue were understated by \$2,334 and \$12,546, respectively. Special Revenue Fund Property and Other Local Taxes were overstated by \$10,212.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit. The financial statements and accounting system have been adjusted accordingly.

Officials' Response: We did not receive a response from Officials to this finding.

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-003

Noncompliance

Ohio Rev. Code § 5705.38(A) requires, in part, that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

The Village did not formally approve and certify their appropriation measure for 2014 or 2013. In 2014, expenditures in the General Fund, Street Fund, and Bond Construction Fund amounting to \$19,405, \$12,217, and \$109,250, respectively, were made without any formal approval. In 2013, expenditures in the General Fund and Street Fund amounting to \$39,070 and \$3,100, respectively, were made without any formal approval.

Village Council should approve, and certify to the County Auditor, the annual appropriation measure on or near January 1st of each year. If Village Council chooses to postpone passage of this measure until receipt of an Official Certificate of Estimated Resources, temporary appropriations should be approved by Village Council.

Officials' Response: Appropriate measures have been put in place and appropriations are approved and certified in a timely manner.

FINDING NUMBER 2014-004

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated. During 2014 and 2013, all Village funds had expenditures which exceeded approved appropriations at the legal level of control.

The Village did not formally approve and certify their appropriation measure for 2014 and 2013; therefore, expenditures in all funds exceeded appropriations by \$140,872 and \$42,170, respectively.

The Fiscal Officer should deny payment requests exceeding appropriations. The Fiscal Officer and Village Council should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Village Council should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations.

Officials' Response: We did not receive a response from Officials to this finding.

**VILLAGE OF CONESVILLE
COSHOCKTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-005

Noncompliance

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditures of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2014 and 2013, 100 percent of expenditures were not properly certified by the Fiscal Officer as the Village does not utilize purchase orders.

The Fiscal Officer should certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) required to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-005 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(D) (Continued)

Officials' Response: The current fiscal officer makes no payment without first certifying that the amount needed to meet an obligation has been lawfully appropriated.

FINDING NUMBER 2014-006

Noncompliance and Significant Deficiency

Ohio Admin. Code § 117-2-02(C)(1) states all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

Additionally, Ohio Admin. Code § 117-2-02(D)(1) states all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should include the cash journal which typically contains the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.

Although the Village acquired UAN software in 2013, the Fiscal Officer continued to manually maintain the Village's general ledger by using excel spreadsheets. When the Fiscal Officer resigned from the position in the beginning of December 2014, the Village did not continue using the manual excel spreadsheets. Instead, the new Fiscal Officer entered all the 2014 activity in Peach Tree software. However, this software is not compatible with governmental accounting as it does not allow users to maintain the Village's activity by fund and integrate budgetary activity. Once the activity entered in the Peach Tree software reconciled to the bank account, the new Fiscal Officer entered the summarized activity in the UAN system in order to print financial statements. Documentation was not maintained though to support how the receipts and expenditures were divided into the General Fund, Special Revenue Fund, and Capital Projects Fund on the UAN financial statements.

Even though a general ledger was utilized by the Village, the Fiscal Officer did not maintain payroll ledgers in order to track the wages and related payroll deductions for each employee.

Additionally, during testing over the Village's manual general ledger in 2013, the Village neglected to reflect three checks that cleared the bank on the respective monthly ledgers. There were also several receipts and expenditures that were entered on the ledger at an incorrect amount. These errors were identified by the current Fiscal Officer before submitting the 2013 bank reconciliation for auditing purposes.

Failure to maintain adequate cash journals prohibits the Village's elected officials to understand the Village's financial position.

**VILLAGE OF CONESVILLE
COSHOCOTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-006 (Continued)

Noncompliance and Significant Deficiency (Continued)

The Village should implement procedures to ensure that a complete and accurate cash journal is maintained and reflects all the receipts and expenditures of the Village, as well as integrate budgetary activity. The Village should also maintain documentation to support the receipt and expenditures classifications reflected on the Village's financial statements. Additionally, the Village should maintain payroll ledgers to track the wages and related payroll deductions for each employee. This will allow the Village's elected officials to understand the financial position of the Village when making decisions.

Officials' Response: All transactions are now posted through UAN and there is a complete and accurate cash journal.

FINDING NUMBER 2014-007

Material Weakness

The Village's primary source of funding consisted of property taxes collected and distributed by Coshocoton County and various types of intergovernmental receipts collected and/or passed through Coshocoton County and the State of Ohio. Proper procedures to collect, deposit and report revenue timely were essential to the operations of the Village. However, the following items were noted:

- During 2014 and 2013, the Ohio Office of Budget and Management (OBM) distributed gasoline excise taxes and state and local government highway distributions to the Village. However, these warrants were not redeemed by the Village in the amount of \$6,371. As a result, OBM voided those payments.
- During 2014 and 2013, the Ohio Department of Public Safety (ODPS) distributed permissive taxes to the Village. This included a \$68 check in January 2014. However, this check was not redeemed by the Village. As a result, ODPS voided this payment.
- During 2014 and 2013, Coshocoton County (the County) passed through various intergovernmental revenues from the State to the Village. This included \$196 in motor vehicle license tax revenue in October 2014. The County reissued the check to the Village on December 14, 2015.
- Additionally, revenue that was redeemed and deposited by the Village was not done timely. Revenue could be deposited up to several months after the date of the check.

As a result of the items mentioned above, there was an increased risk of theft in office, monies being lost or stolen and the Village not collecting all funds due to support operations. Specifically, due to the Village not depositing all payments from OBM, ODPS and Coshocoton County, they did not record \$6,635 in revenue that could have been used to support the operations of the Village.

The Village should review and change the process by which they receipt and report funding. Duplicate receipt books should be maintained. All revenue should be deposited immediately within the Village's financial institution and promptly identified by receipt number and date within the Village's accounting records matching the duplicate receipt book. Revenue reported in the accounting records should also be properly recorded in the correct fund and identified by the correct classification (Property and Other Local Taxes, Intergovernmental Revenue, etc). The Village should also consider having funds direct deposited into their bank account whenever possible.

**VILLAGE OF CONESVILLE
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-007 (Continued)

Material Weakness (Continued)

Implementation of these procedures will mitigate the risk of monies being lost or stolen, help to ensure correct reporting and provide the Village with full available assets. Also, the Village should consider contacting OBM, ODPS and Coshocton County to receive any unclaimed monies due to the Village.

Officials' Response: All taxes collected and distributed by Coshocton County and the State of Ohio are now directly deposited into the Village's checking account. Contacts have been made and the voided warrants were reissued in December of 2015 in the amount of \$6,834.65 as well as \$674.34 in September 2016.

FINDING NUMBER 2014-008

Material Weakness

The Village received monies from various sources. All monies received should be properly identified and supported in order for the Village to be able to properly identify and report their financial activity.

During 2013, the Village received \$2,775 in Miscellaneous Revenues in the General Fund. These monies were not supported by source documentation. As a result, it could not be determined whether the entire amounts due were received, properly classified or reported in the correct fund.

The Village should review and change the process by which they receipt and report funding. Duplicate receipt books should be maintained. All revenue promptly identified by receipt number, source and date within the Village's accounting records to match the duplicate receipt book. Revenue reported in the accounting records should also be properly recorded in the correct fund and identified by the correct classification (Property and Other Local Taxes, Intergovernmental Revenue, etc.). Additionally, documentation such as check copies, remittances, letters, etc. should be maintained in order to properly support all monies received. Implementation of these procedures will mitigate the risk of monies being lost or stolen and help to ensure correct reporting on the financial statements.

Officials' Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2014-009

Material Weakness

The Village should maintain an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements in accordance with the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D).

As a result of audit procedures performed, errors were noted in the Village's financial statements that required audit adjustments and reclassifications as follows:

**VILLAGE OF CONESVILLE
COSHOCKTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-009 (Continued)

Material Weakness (Continued)

- During 2014, revenue from charging road work services to Franklin Township and donations received were not properly identified as required. This resulted in the Special Revenue Fund Contribution and Donations being understated by \$12,000. Special Revenue Fund Miscellaneous Revenue was overstated by \$12,000.
- For 2014, the Village received \$3,744 reimbursement from the overpayment of an invoice in the General Fund. It was improperly reported as Special Items revenue instead of reducing General Government disbursements.
- For 2013, the Village reported \$4,171 in Principal Retirement payments in the General Fund as General Government Disbursements.
- For 2014, the Village reported \$2,014 in Leisure Time Activities disbursements, \$160 in Community Environment disbursements and \$1,139 in Basic Utility disbursements in the General Fund. However, these amounts should have been reported as General Government disbursements.
- For 2014, the Village reported \$4,195 in Transportation disbursements as Security of Persons and Property disbursements.
- Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows: GASB Cod. 1800.168-169 requires reporting funds whose revenue has external legal constraints as Restricted. GASB Cod. 1800.170-172 requires reporting funds whose revenue had constraints imposed by Council, which could not be changed without Council approval, as Committed. GASB Cod. 1800.173-176 requires funds without external or internal constraints to report Assigned fund balances for amounts encumbered or set aside to cover the excess of subsequent year appropriations exceeding estimated revenue. GASB Cod.1800.177 requires funds that have a negative balance to be reported as Unassigned regardless of their classification, or purpose, when having positive fund balances. The following inaccurate reporting of fund balances was noted, prior to the effect of any audit adjustments:
 - The Special Revenue Funds and Capital Projects Funds initially reported certain amounts of their fund balance as Unassigned or Assigned, respectively. However, these funds primary source of revenue was from revenue with external legal constraints. As a result, the entire balance should have been reported as having a Restricted Fund Balance in each fund. Prior to the effect of any audit adjustments, 2014 Special Revenue Funds Restricted Fund Balance, 2014 Capital Projects Restricted Fund Balance and 2013 Special Revenue Funds Restricted Fund Balances were understated by \$2,334, \$22,714 and \$13,021, respectively.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provider to the readers of the financial statements is complete and accurate.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit. The financial statements and accounting system have been adjusted accordingly.

Officials' Response: We did not receive a response from Officials to this finding.



Dave Yost • Auditor of State

VILLAGE OF CONESVILLE

COSHOCTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 10, 2016