



**VILLAGE OF COOLVILLE
ATHENS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**VILLAGE OF COOLVILLE
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Year Ended December 31, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Coolville
Athens County
P.O. Box 64
Coolville, Ohio 45723

To the Mayor and Members of Council:

We have audited the accompanying financial statements of the Village of Coolville, Athens County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Coolville, Athens County, as of December 31, 1999 and 1998, and its cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 13, 2000, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the Village Council, management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 13, 2000

**VILLAGE OF COOLVILLE
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Balance January 1, 1999</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance December 31, 1999</u>
Funds:				
General Fund	(\$8,795)	\$42,565	\$48,113	(\$14,343)
Special Revenue Funds:				
Street Construction, Maintenance and Repair	10,787	20,957	21,498	10,246
State Highway Improvement	1,383	908	331	1,960
Street Levy	1,087	0	0	1,087
FEMA	0	3,493	3,493	0
Cops FAST	6,250	0	0	6,250
Total Special Revenue Funds	19,507	25,358	25,322	19,543
Debt Service Fund:				
Bond Retirement	0	14,275	14,275	0
Enterprise Funds:				
Water	15,390	82,792	83,046	15,136
Street Lights	1,115	7,100	6,098	2,117
Total Enterprise Funds	16,505	89,892	89,144	17,253
Total All Funds	<u>\$27,217</u>	<u>\$172,090</u>	<u>\$176,854</u>	<u>\$22,453</u>

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

**VILLAGE OF COOLVILLE
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Balance January 1, 1998</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance December 31, 1998</u>
Funds:				
General Fund	\$3,074	\$48,951	\$60,820	(\$8,795)
Special Revenue Funds:				
Street Construction, Maintenance and Repair	9,670	23,381	22,264	10,787
State Highway Improvement	1,674	934	1,225	1,383
Street Levy	1,087	0	0	1,087
Cops FAST	<u>6,250</u>	<u>0</u>	<u>0</u>	<u>6,250</u>
Total Special Revenue Funds	18,681	24,315	23,489	19,507
Debt Service Fund:				
Bond Retirement	0	14,285	14,285	0
Enterprise Funds:				
Water	6,993	79,624	71,227	15,390
Street Lights	<u>440</u>	<u>6,860</u>	<u>6,185</u>	<u>1,115</u>
Total Enterprise Funds	7,433	86,484	77,412	16,505
Total All Funds	<u>\$29,188</u>	<u>\$174,035</u>	<u>\$176,006</u>	<u>\$27,217</u>

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

**VILLAGE OF COOLVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Coolville, Athens County, Ohio, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including maintenance of streets and highways, water utility services, and police protection.

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State. However, the accompanying statements do not present the receipts and disbursement classifications prescribed by the Auditor of State in the Ohio Administrative Code.

C. CASH AND INVESTMENTS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money to construct, maintain and repair Village streets.

VILLAGE OF COOLVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

General Obligations Bond Retirement Fund - This fund is used to retire bonds issued for the purpose of street improvements.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

E. BUDGETARY PROCESS

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

Appropriations

Budgetary expenditures (i.e., 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year fund cash balances. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

VILLAGE OF COOLVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payment for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave is not reflected as a liability under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand Deposits	\$22,253	\$27,017
Petty Cash	<u>200</u>	<u>200</u>
	<u>\$22,453</u>	<u>\$27,217</u>

Deposits: The Village's deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998, was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 44,295	\$ 42,565	\$ (1,730)
Special Revenue	14,200	25,358	11,158
Debt Service	14,669	14,275	(394)
Enterprise	<u>87,000</u>	<u>89,892</u>	<u>2,892</u>
Total	<u>\$ 160,164</u>	<u>\$ 172,090</u>	<u>\$ 11,926</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 13,061	\$ 48,113	\$ (35,052)
Special Revenue	6,060	25,322	(19,262)
Debt Service	0	14,275	(14,275)
Enterprise	<u>19,648</u>	<u>89,144</u>	<u>(69,496)</u>
Total	<u>\$ 38,769</u>	<u>\$ 176,854</u>	<u>\$ (138,085)</u>

VILLAGE OF COOLVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,858	\$ 48,951	\$ (5,907)
Special Revenue	14,190	24,315	10,125
Debt Service	14,909	14,285	(624)
Enterprise	87,000	86,484	(516)
Total	\$ 170,957	\$ 174,035	\$ 3,078

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 11,403	\$ 60,820	\$ (49,417)
Special Revenue	5,040	23,489	(18,449)
Debt Service	0	14,285	(14,285)
Enterprise	18,911	77,412	(58,501)
Total	\$ 35,354	\$ 176,006	\$ (140,652)

In 1999, the Village had disbursements exceeding appropriations in the General Fund (\$49,417), Street Construction, Maintenance, and Repair Fund (\$17,224), State Highway Fund (\$1,225), Bond Retirement Fund (\$14,285), Water Fund, (\$53,831) and Street Lights Fund (\$4,670). In 1998, the Village had disbursements exceeding appropriations in the General Fund (\$35,052), Street Construction, Maintenance, and Repair Fund (\$15,438), State Highway Fund (\$331), Federal Emergency Management Agency Fund (\$3,493) Bond Retirement Fund (\$14,275), Water Fund, (\$64,939) and Street Lights Fund (\$4,557).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

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

VILLAGE OF COOLVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT

In 1995, the Village issued Bonds in the amount of \$50,000 for the purpose of street improvements, including financing costs. These bonds were to be repaid in annual installments over 5 years. In 1999, the Village paid the final principal and interest payment on the Street Improvement Bonds.

6. RETIREMENT SYSTEMS

The employees and Clerk of the Village were covered by the Public Employees Retirement System of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

The Council Members and Mayor have elected to pay into Social Security. The employer and employee contributions to Social Security were equal to 6.2% of gross salary.

7. RISK MANAGEMENT

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

- General liability and casualty
- Public officials' liability
- Vehicles
- Property

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. DEFICIT FUND BALANCE

At December 31, 1999, the Village had a negative general fund cash balance of \$14,343, contrary to the provision of Ohio Rev. Code Section 5705.10. However, due to the reduction in debt payments, the tax settlements received in the Year 2000, along with cutbacks in spending, should alleviate the deficit balance.

10. SUBSEQUENT EVENTS

The Village received a Community Oriented Policing Services (COPS) Universal Hiring Program Grant in 1996. This grant was a 3 year grant beginning December 1, 1996 with an estimated grant award of \$42,209. A draw down of \$6,250 was made in 1996. However, the Village never spent these funds. The grant period is now over and the Village is in the process of completing the necessary paperwork to return the original draw down amount and exhaust the balance of the COPS Grant fund.

VILLAGE OF COOLVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

10. SUBSEQUENT EVENTS (Continued)

The Village has an auxiliary police department. They have a police officer's liability bond effective for the period December 16, 1999 through December 16, 2000. However, due to pending litigation concerning an accident by the Village Police Chief, the Insurance Company has stated they will not renew the police officer's liability bond when it comes up for renewal in December, 2000.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Mayor and Members of Council
Village of Coolville
Athens County
P.O. Box 64
Coolville, Ohio 45723

We have audited the accompanying financial statements of the Village of Coolville, Athens County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-30705-001 and 1999-30705-003 through 1999-30705-007. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 13, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-30705-002 and 1999-30705-005 through 1999-30705-008.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable conditions described above are material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated August 13, 2000.

This report is intended for the information and use of Village Council and management, and is not intended to be and should not be used by anyone other than these specified parties.



Jim Petro
Auditor of State

August 13, 2000

**VILLAGE OF COOLVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30705-001

Finding for Recovery

The Village of Coolville Ordinance 1994-9 sets the compensation of Council Members as follows:

- 1) Each Village Council Member shall receive the sum of fifty dollars (\$50.00) per calendar month.
- 2) Attendance at scheduled regular and special meetings is mandatory.
- 3) Unless a Council Member's absence is excused by a majority of all other Council Members, an absent member shall not be paid the pro rata share of meeting(s) missed. For example, if a member is inexcusably absent from the only scheduled monthly meeting, he or she shall not be compensated for that month; if a member is inexcusably absent from one of two regular or special meetings scheduled in a calendar month, he or she shall receive \$25 for that month. Absences may be excused only prior to the absence or within the calendar month following the absence.
- 4) Payment shall be made each December at the regular scheduled meeting. The Village Clerk shall provide an accounting to each member of his or her attendance/unexcused absences by November 1 of each year. Any questions shall be resolved by the Village Clerk at the November meeting.

The minutes of the Village Council meetings reflect one meeting in July, held July 8, 1999, and one meeting in August, held August 12, 1999. The minutes list Richard Gillian as absent for both of these meetings. These absences were not reflected as excused, in the Council minutes.

Mr. Gillian should have been compensated for 10 monthly meetings at a rate of \$50 per month for a total of five hundred dollars (\$500). However, he was compensated the maximum amount of \$600 for a total of 12 meetings.

The following represents payment made to the Richard Gillian, the amount due to the Mr. Gillian, and the amount of the overpayment.

	<u>Number of Meetings</u>	<u>Monthly Rate</u>	<u>Total Gross Pay</u>
Amount Paid per W-2	12	\$50.00	\$600.00
Total Due per Village Ordinance 1994-9	10	\$50.00	500.00
Amount Overpaid	2		\$100.00

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is issued against Richard Gillian and the Personal Service Insurance Company, his bonding company, and Dawn Lauer and the Personal Service Insurance Company, her bonding company, jointly and severally, in the amount of one hundred dollars and zero cents (\$100.00), in favor of the General Fund (\$50) and Water Fund (\$50) of the Village of Coolville.

**VILLAGE OF COOLVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

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

FINDING NUMBER 1999-30705-002

Noncompliance Citation

Ohio Admin. Code Section 117-5-10(A) requires each Village to maintain a receipts ledger.

The Village maintained a receipts ledger on the Uniform Accounting Network (UAN) system. However, the Village prepared manual duplicate receipts when receipting money, then entered the manual receipt information into the UAN system. However, the receipts posted to the UAN system did not agree to the manual receipts that were prepared. Therefore, actual receipts in the UAN revenue ledger did not agree to actual receipts in the Village's manual cashbook, which is the accurate record of the Village's receipt activity. This results in inaccurate budget vs. actual activity.

We recommend the Village reconcile bank accounts to the UAN fund balances monthly.

FINDING NUMBER 1999-30705-003

Noncompliance Citation

Ohio Admin. Code Section 117-5-11(A) requires each Village to maintain an appropriation ledger.

The Village maintained an appropriation ledger on the Uniform Accounting Network (UAN) system. However, the Village used manual purchase orders which were not entered into the UAN system. Therefore, these purchase orders were not encumbered in the UAN system. The system requires purchase orders to be completed prior to posting a disbursement, but the purchase orders posted to the UAN system did not agree to the manual purchase orders that were certified. Also, actual disbursements in the UAN appropriation ledger did not agree to actual disbursements in the Village's manual cashbook. This resulted in unreconciled cash as well as an inaccurate record of cash disbursements which effected the budget vs. actual reports, disbursements ledger, and information the Village Management utilized to make management decisions.

We recommend the Village maintain an appropriation ledger in which disbursements agree to the amount actually spent by the Village and encumbrances agree to purchase orders issued and certified by the Village. Also, we recommend reconciling cash monthly to the UAN fund cash balances to identify unreconciled amounts.

FINDING NUMBER 1999-30705-004

Noncompliance Citation

Ohio Rev. Code Section 5705.10 requires all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made. Also, all revenue derived from a source other than 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.

In 1998 and 1999, the Village posted the Homestead and Rollback amounts to the General Fund when they should have been divided between the General Fund and Street Construction, Maintenance, and Repair Fund according to the County Auditor settlement sheet. The Village also transferred funds from the Water Fund to the General Fund which is not an allowable transfer.

**VILLAGE OF COOLVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

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

**FINDING NUMBER 1999-30705-004
(Continued)**

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.10 (Continued)

The Village has agreed to and has made the necessary adjustments to their manual cashbook to correct these posting errors. Also, the accompanying, audited, financial statements have been adjusted to correct these posting errors, resulting in the General Fund reflecting a deficit balance.

This indicates moneys from other funds were used to cover the expenditures of the General Fund.

We recommend the Village post receipts to the correct fund and monitor expenditures very closely to prevent this type of noncompliance from occurring.

FINDING NUMBER 1999-30705-005

Noncompliance Citation

Ohio Rev. Code Section 5705.38 requires 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 appropriation measure until an amended certificate is received from the County Budget Commission based on the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1. Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village passed temporary appropriation measures in 1998 and 1999, although not until February 12 and January 21, respectively. There were no permanent appropriations approved. Also, there were no temporary or permanent appropriation measures filed with the County Auditor. This resulted in appropriations lapsing on April 1 and all subsequent expenditures were made with no appropriation authority. This could further result in expenditures being made for which funds were not available to cover.

For the year ending December 31, 1999, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$13,061	\$48,113	(\$35,052)
Street Construction, Maintenance, and Repair	\$6,060	\$21,498	(\$15,438)
State Highway	\$0	\$331	(\$331)
Federal Emergency Management Agency (FEMA)	\$0	\$3,493	(\$3,493)
Bond Retirement	\$0	\$14,275	(\$14,275)
Water	\$18,107	\$83,046	(\$64,939)
Street Lights	1,541	6,098	(4,557)

**VILLAGE OF COOLVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

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

**FINDING NUMBER 1999-30705-005
(Continued)**

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.38 (Continued)

For the year ending December 31, 1998, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$11,403	\$60,820	(\$49,417)
Street Construction, Maintenance, and Repair	\$5,040	\$22,264	(\$17,224)
State Highway	\$0	\$1,225	(\$1,225)
Bond Retirement	\$0	\$14,285	(\$14,285)
Water	\$17,396	\$71,227	(\$53,831)
Street Lights	\$1,515	\$6,185	(\$4,670)

The accompanying appropriation authority, stated in Note 3 to the Financial Statements and in this finding are based on amounts of the Temporary Appropriation Measure, approved by the Village Council, that was used by the Village as of April 1, 1999 and 1998.

We recommend the Village Council approve the temporary appropriations on or about January 1st of each year. Furthermore, we recommend a permanent appropriation measure be prepared and approved by Village Council by no later than April 1 of each year. The Village Council and Clerk should review appropriations vs. actual expenditure reports monthly to assure that actual expenditures do not exceed appropriated amounts.

FINDING NUMBER 1999-30705-006

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any disbursement of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrance. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Village Council.

**VILLAGE OF COOLVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

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

FINDING NUMBER 1999-30705-006 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41 (Continued)

The Village did not approve a permanent appropriation measure for 1999 nor 1998. Also, The Village Clerk utilized manual purchase orders to certify the availability of funds and signed the purchase order to reflect this certification. However, the manual purchase orders were not recorded in the UAN system at the time funds were certified. When the Village Clerk received the invoice for the obligation, she would write a manual check to pay the obligation. The Village Clerk would then enter the manual check amount onto the Uniform Accounting Network (UAN) systems purchase order and check register. This resulted in the manual purchase orders not agreeing to the UAN purchase orders and the UAN appropriation ledger reflecting encumbrances after payment, for the obligation, had been made. Therefore, the Village Clerks certification did not reflect the actual availability of unencumbered funds.

Based on the above information, the Village did not utilize the encumbrance method of accounting.

We recommend the Village utilize the encumbrance method of accounting as per Ohio Rev. Code. We also recommend the Village Clerk utilize the UAN appropriation system to it's fullest potential.

FINDING NUMBER 1999-30705-007

Noncompliance Citation

Ohio Rev. Code Section 149.351, establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Section 149.38 to 140.42, Rev. Code.

Supporting documentation was not maintained for all vouchers of the Village during the period under audit. Sixteen percent of the meter reading sheets could not be found for customer accounts selected for testing. Also, the Village did not have the certificate showing the total amount from all sources which is available for expenditures and the balances existing at the end of the preceding year as of December 31, 1999 and 1998, even though this certificate was filed with the County Auditor. Finally, although the UAN system was not relied upon for the current audit, monthly printouts of the Village's Disbursements, Receipts, Payroll, or Budgetary reports were not printed or retained.

We recommend the Village create a Records Commission and maintain all records as per Ohio Revised code.

**VILLAGE OF COOLVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

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

FINDING NUMBER 1999-30705-008

Reportable Condition

Monitoring of Financial Activity

The size of the Village's staff did not allow for an adequate segregation of duties; the Village Clerk performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is therefore important that the Village Council function as a finance and audit committee to monitor financial activity closely and to follow up on any audit findings. While Council approved all vouchers for payment and received a monthly fund balance statement, there was no documentation of the extent to which Council reviewed the information to monitor the financial activity of the Village. This could result in errors and/or irregularities occurring and going undetected for an extended period of time.

The Village Council should carefully review and approve pertinent financial information, such as the; 1)Cash Journal, 2)Budgeted vs. Actual Receipts Report, 3)Budgeted vs. Actual Expenditures Report, 4)Outstanding Debt Summary, 5)Investment Journal, 6)Transaction Log and 7)Reconciliations, on a monthly basis. Documentation of such reviews can be included within the Council minute record and/or initial/date the items reviewed. Also, Council should make appropriate inquiries to help determine the continued integrity of financial information. Appropriate inquiries would include:

- C Are current receipts sufficient to cover expenditures?
- C Are actual receipts and expenditures in line with the budget?
- C Are receipts and expenditures in line with prior years?
- C If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted for?
- C Are anticipated receipts being received in a timely manner?

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Village.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF COOLVILLE

ATHENS 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
SEPTEMBER 26, 2000