

Village of Coolville  
Athens County  
Regular Audit  
For the Years Ended December 31, 2009 and 2008



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# Dave Yost • Auditor of State

Village Council  
Village of Coolville  
P.O. Box 64  
Coolville, Ohio 45723

We have reviewed the *Independent Auditor's Report* of the Village of Coolville, Athens County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Coolville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

April 26, 2011

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**Athens County**  
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**Independent Auditor's Report**

Village Council  
Village of Coolville  
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, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Village's larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable, for the years then ended.

Village of Coolville  
Athens County, Ohio  
Independent Auditor's Report  
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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Coolville, Athens County, Ohio as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

As indicated in the financial statements, the Village had a negative cash balance of \$7,733 at December 31, 2009 in the General Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2011 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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* and should be considered in assessing the results of our audit.



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

March 30, 2011

**Village of Coolville**  
**Athens County**  
*Combined Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2009*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$13,476	\$19,234	\$0	\$32,710
Licenses, Permits, and Fees	8,022	0	440	8,462
Intergovernmental	14,384	24,020	0	38,404
Special Assessments	0	5,978	0	5,978
Charges for services	4,379	0	0	4,379
Earnings on Investments	123	120	0	243
<b>Total Cash Receipts</b>	<b>40,384</b>	<b>49,352</b>	<b>440</b>	<b>90,176</b>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	25,402	1,313	0	26,715
Security of Persons and Property	20,764	7,464	0	28,228
Transportation	0	30,811	0	30,811
Capital Outlay	295	0	1,143	1,438
<b>Debt Service:</b>				
Redemption of Principal	1,659	10,552	0	12,211
Interest and Other Fiscal Charges	249	321	0	570
<b>Total Cash Disbursements</b>	<b>48,369</b>	<b>50,461</b>	<b>1,143</b>	<b>99,973</b>
<b>Total Cash Receipts Under Cash Disbursements</b>	<b>(7,985)</b>	<b>(1,109)</b>	<b>(703)</b>	<b>(9,797)</b>
<b>Fund Cash Balances, January 1</b>	<b>252</b>	<b>43,463</b>	<b>750</b>	<b>44,465</b>
<b>Fund Cash Balances (Deficit), December 31</b>	<b>(\$7,733)</b>	<b>\$42,354</b>	<b>\$47</b>	<b>\$34,668</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$180</b>	<b>\$223</b>	<b>\$0</b>	<b>\$403</b>

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



**Village of Coolville**  
**Athens County**

*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2009*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$134,234	\$0	\$134,234
 Total Cash Receipts	 134,234	 0	 134,234
Operating Cash Disbursements:			
Personal Services	21,707	0	21,707
Employee Fringe Benefits	2,696	0	2,696
Contractual Services	14,063	0	14,063
Supplies and Materials	58,035	0	58,035
 Total Cash Disbursements	 96,501	 0	 96,501
Operating Income	37,733	0	37,733
Non-Operating Cash Receipts:			
Debt Proceeds	385,464	0	385,464
Other Non-Operating Receipts	0	12,685	12,685
Total Non-Operating Cash Receipts	385,464	12,685	398,149
Non-Operating Cash Disbursements:			
Redemption of Principal	154,361	0	154,361
Capital Outlay	241,100	0	241,100
Other Non-Operating Disbursements	50	5,606	5,656
Total Non-Operating Cash Disbursements	395,511	5,606	401,117
Net Receipts Over Disbursements	27,686	7,079	34,765
Fund Cash Balances, January 1	90,728	3,601	94,329
Fund Cash Balances, December 31	\$118,414	\$10,680	\$129,094
Reserve for Encumbrances	\$655	\$0	\$655

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

**Village of Coolville**  
**Athens County**  
*Combined Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2008*

	Governmental Fund Type:			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$13,315	\$21,526	\$0	\$34,841
Licenses, Permits, and Fees	5,342	0	460	5,802
Intergovernmental	16,316	24,817	0	41,133
Special Assessments	0	7,811	0	7,811
Charges for Services	5,131	0	0	5,131
Earnings on Investments	210	448	0	658
Miscellaneous	770	0	0	770
<b>Total Cash Receipts</b>	<b>41,084</b>	<b>54,602</b>	<b>460</b>	<b>96,146</b>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	35,688	1,808	0	37,496
Security of Persons and Property	12,032	10,852	0	22,884
Transportation	0	38,942	0	38,942
Public Health Services	236	0	0	236
Community Environment	150	0	0	150
<b>Debt Service:</b>				
Redemption of Principal	1,659	10,266	0	11,925
Interest and Other Fiscal Charges	249	559	0	808
<b>Total Cash Disbursements</b>	<b>50,014</b>	<b>62,427</b>	<b>0</b>	<b>112,441</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(8,930)</b>	<b>(7,825)</b>	<b>460</b>	<b>(16,295)</b>
<b>Other Financing Sources/(Uses):</b>				
Advances In	5,000	0	0	5,000
Other Financing Uses	(8)	0	0	(8)
Sale of Fixed Assets	0	315	0	315
<b>Total Other Financing Sources/(Uses)</b>	<b>4,992</b>	<b>315</b>	<b>0</b>	<b>5,307</b>
<b>Excess of Cash Receipts and Other Financing Sources Over/ (Under) Cash Disbursements and Other Financing Uses</b>	<b>(3,938)</b>	<b>(7,510)</b>	<b>460</b>	<b>(10,988)</b>
<b>Fund Cash Balances, January 1</b>	<b>4,190</b>	<b>50,973</b>	<b>290</b>	<b>55,453</b>
<b>Fund Cash Balances, December 31</b>	<b>\$252</b>	<b>\$43,463</b>	<b>\$750</b>	<b>\$44,465</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$1,272</b>	<b>\$545</b>	<b>\$0</b>	<b>\$1,817</b>

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

**Village of Coolville**  
**Athens County**  
*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2008*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$135,350	\$0	\$135,350
 Total Cash Receipts	 135,350	 0	 135,350
Operating Cash Disbursements:			
Personal Services	23,761	0	23,761
Employee Fringe Benefits	1,358	0	1,358
Contractual Services	46,918	0	46,918
Supplies and Materials	61,016	0	61,016
Other	527	0	527
 Total Cash Disbursements	 133,580	 0	 133,580
 Operating Income	 1,770	 0	 1,770
Non-Operating Cash Receipts:			
Special Assessments	43	0	43
Interest	2,219	0	2,219
Other Non-Operating Receipts	0	8,598	8,598
Total Non-Operating Cash Receipts	2,262	8,598	10,860
Non-Operating Cash Disbursements:			
Redemption of Principal	8,000	0	8,000
Capital Outlay	1,503	0	1,503
Other Non-Operating Disbursements	0	5,287	5,287
Total Non-Operating Cash Disbursements	9,503	5,287	14,790
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Advances	(5,471)	3,311	(2,160)
 Advances Out	 (5,000)	 0	 (5,000)
 Net Receipts Over/(Under) Disbursements	 (10,471)	 3,311	 (7,160)
 Fund Cash Balances, January 1	 101,199	 290	 101,489
 Fund Cash Balances, December 31	 \$90,728	 \$3,601	 \$94,329
 Reserve for Encumbrances	 \$534	 \$0	 \$534

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

**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 1 – Summary of Significant Accounting Policies**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Coolville, Athens County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, police services and street construction, repair and maintenance, as well as water and street lighting services.

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

**Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State of Ohio 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.

**Cash and Investments**

The Village maintains interest-bearing checking accounts and a certificate of deposit, valued at cost.

**Fund Accounting**

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

*General Fund*

The General Fund reports all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds*

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

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

*Street Levy Fund* – This fund receives property tax money for constructing, maintaining and repairing Village streets.

**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

*Capital Projects Funds*

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

*Cruiser Repair/Replacement Fund* – This fund receives a portion of Mayor’s Court fines to fund the repair and replacement of the police cruiser.

*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 Improvement Project Fund* – This fund receives loan proceeds from the Ohio Water Development Authority to finance the engineering and planning of a sanitary sewer system in the Village. A utility surcharge recorded in this fund will repay this loan.

*Fiduciary Funds*

Fiduciary funds include trust funds and agency funds. The Village has no trust funds.

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

*Mayor’s Court Fund (Agency Fund)* – This fund receives fine money, a portion of which is paid into the Village’s General Fund for maintaining the security of persons and property within the Village. The other portion of the fines received into this account is paid to the State of Ohio and any other agency as required by law.

**Budgetary Process**

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

*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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

*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 also approve estimated resources.

**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2009 and 2008

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

*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 re-appropriated.

A summary of the 2009 and 2008 budgetary activity appears in Note 3.

**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.

**Note 2 – Equity in Pooled Cash and Investments**

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

	2009	2008
Demand Deposits	\$138,762	\$113,794
Certificates of deposit	25,000	25,000
Total deposits	\$163,762	\$138,794

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

**Note 3 – Budgetary Activity**

Budgetary activity, except for agency funds, for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,490	\$40,384	\$(5,106)
Special Revenue	54,605	49,352	(5,253)
Capital Projects	500	440	(60)
Enterprise	137,355	519,698	382,343
Total	\$237,950	\$609,874	\$371,924

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$60,921	\$48,549	\$12,372
Special Revenue	89,554	50,684	38,870
Capital Projects	1,250	1,143	107
Enterprise	360,609	492,667	(132,058)
Total	\$512,334	\$593,043	\$(80,709)

**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2009 and 2008

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**Note 3 – Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$41,084	\$41,084
Special Revenue	0	54,917	54,917
Capital Projects	0	460	460
Enterprise	0	137,612	137,612
Total	\$0	\$234,073	\$234,073

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,235	\$51,294	\$(1,059)
Special Revenue	62,180	62,972	(792)
Capital Project	0	0	0
Enterprise	139,753	143,617	(3,864)
Total	\$252,168	\$257,883	\$(5,715)

**Note 4 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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.

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.

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.

**Note 5 – Debt**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Police Cruiser Commercial Loan	\$3,682	3.55%
Ohio Water Development Authority Loan #5098	398,405	5.89%
Total	\$402,087	

**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 5 – Debt (Continued)**

The Street Repair commercial loan was obtained to provide financing for the paving and repair of various Village streets. The various street funds were used to repay this debt. The final payment on this loan was made in 2009.

The Police Cruiser commercial loan was obtained to purchase a used police cruiser. A portion of Mayor’s Court fines will be used to repay the loan.

The Ohio Water Development Authority (OWDA) loan relates to funding to install a sewer system in the Village. A sewer surcharge has been assessed to Village residents to repay this loan. Since this project has not been completed, amortization schedules are not available for this loan. The above balance includes \$11,511 in capitalized interest, which is not presented as debt proceeds in the accompanying financial statements.

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

Year ending December 31:	Police Cruiser Loan
2010	\$ 1,908
2011	1,908
	\$ 3,816

**Note 6 - Retirement Systems**

The Village’s officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries, with the Village contributing an amount equal to 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2009.

**Note 7 – Risk Management**

The Village has obtained commercial insurance for the following risks:

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

**Note 8 – Outstanding Advances**

Unpaid, interfund cash advances at December 31, 2009 were as follows:

	Receivable	Payable
General Fund	\$15,000	\$0
Street Lighting	0	1,000
Street Levy	1,000	0
Water Operating	0	15,000
Total	\$16,000	\$16,000



**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2009 and 2008*

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**Note 9 – Compliance**

- The Village did not certify the total amounts from all sources available for expenditures and the balances existing at the end of the preceding year contrary to Ohio Revised Code Section 5705.36.
- The Village had appropriations that exceeded its available resources contrary to Ohio Revised Code Section 5705.36(A)(4).
- The Village did not adopt appropriations timely contrary to Ohio Revised Code Section 5705.38(A).
- The Village had a negative fund balance contrary to Ohio Revised Code Section 5705.10.
- The Village had appropriations in excess of estimated resources contrary to Ohio Revised Code Section 5705.39.
- The Village did not always certify the availability of funds contrary to Ohio Revised Code Section 5705.41(D).
- The Village had expenditures in excess of appropriations contrary to Ohio Revised Code Section 5705.41(B).
- The Village did not maintain a complete docket contrary to Ohio Revised Code Section 1905.21, nor were monthly reports or fine monies properly submitted to the Village contrary to Ohio Revised Code Section 733.40.
- The Village did not transmit money collected by the Mayor's court timely contrary to Ohio Revised Code Section 2949.091.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Village Council  
Village of Coolville  
P.O. Box 64  
Coolville, Ohio 45723

We have audited the financial statements of the Village of Coolville, Athens County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 30, 2011, wherein we noted the Village followed the accounting basis the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We also noted the Village had a negative fund balance in the General Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. These items are identified as items 2009-001 and 2009-012.

Village of Coolville  
Athens County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

### **Internal Control Over Financial Reporting (Continued)**

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 the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency. This item is identified as item 2009-002.

### **Compliance and Other Matters**

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2009-003, 2009-004, 2009-005, 2009-006, 2009-007, 2009-008, 2009-009, 2009-010, and 2009-011.

We noted certain matters that we reported to management of the Village in a separate letter dated March 30, 2011.

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

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



Natalie Millhuff-Stang, CPA  
President/Owner  
Millhuff-Stang, CPA, Inc.

March 30, 2011

**Village of Coolville**  
**Athens County, Ohio**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2009 and 2008*

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**Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS**

**FINDING NUMBER 2009-001**

**Material Weakness – Misstatements and Misclassifications in the Financial Statements**

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village's financial statements. The Village misstated and misclassified various receipts and disbursements by line items that were corrected in the accompanying financial statements. There were also misstatements and misclassifications for which correction of the financial statements was passed on due to materiality considerations. The Village should implement additional monitoring procedures to ensure receipts and disbursements are properly recorded.

***Client Response:***

Client chose not to respond.

**FINDING NUMBER 2009-002**

**Significant Deficiency – Payroll Items**

Ohio Revised Code Section 733.28, provides that the Village Fiscal Officer shall keep the books of the Village; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Village and income derived there from. Ohio Administrative Code Section 117-2-02 (A) states that all 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, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code. The Council set approved pay rates in the minutes; however the Village did not follow the recommended pay rates when the rates were established in both 2008 and 2009. During 2008, it was noted that the Village did not establish a pay raise in the minutes, but the Village paid for the pay raise. The Village uses a timecard clock, however still had hand written time on time cards. The Village should implement the following procedures to ensure the accuracy and completeness of payroll records and disbursements:

- Council should monitor the payroll process including review of the UAN ledgers.
- Employee time sheets should be signed by the relevant supervisor indicating approval of the employee's hours worked.
- Employee pay rates should be approved by Village Council by ordinance or resolution. The ordinance or resolution should show the beginning wage rate, the amount of the increase and the ending wage rate. A copy of the ordinance or resolution should be placed in the employee's personnel file.
- Accurate leave records should be maintained.
- Evaluations should be performed for all employees and placed into their personnel files.
- The Village should use due professional care when completing forms for the Internal Revenue Service.
- The Village should ensure that all required documents are in the employee files.
- The Village should ensure that payroll information is correctly entered into the accounting system to ensure all computed items such as retirement withholdings and contributions are properly calculated and included in remittances.

***Client Response:***

Client chose not to respond.

**Village of Coolville**  
**Athens County, Ohio**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2009 and 2008*

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**FINDING NUMBER 2009-003**

**Noncompliance – Certificate of Total Amounts Available**

Ohio Revised Code Section 5705.36 states that on or about the first day of each fiscal year, the fiscal officer of subdivisions and other taxing units shall certify to the County Auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. The Village Fiscal Officer did not file the certificate showing total amounts from all sources available for expenditures and the balances existing at the end of the preceding year to the County Auditor for 2008. The certificate for 2009 was not filed until May 2009. The Village Fiscal Officer should certify the total amounts from all sources available for expenditures and the balances existing at the end of the preceding year to the County Auditor on or about the first day of each fiscal year.

***Client Response:***

Previous clerk is since gone. Have been filed timely since.

**FINDING NUMBER 2009-004**

**Noncompliance – Appropriations in Excess of Available Resources**

Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation. For 2008 and 2009, instances were identified where appropriations exceeded available resources. The Village should implement budgetary monitoring procedures to ensure that overspending does not occur by amending budget were appropriate.

***Client Response:***

Client chose not to respond.

**FINDING NUMBER 2009-005**

**Noncompliance – Adoption of Appropriations**

Ohio Revised Code Section 5705.38(A) requires 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 Council passed temporary appropriations December 9, 2008 for 2009. A temporary appropriation measure could not be located for 2008. A permanent appropriation measure was passed in March for both years of the audit period. The Village should adopt an appropriation measure on or about the first day of each fiscal year and file the measure with the County Auditor.

***Client Response:***

New clerk has contained some of this.

**Village of Coolville**  
**Athens County, Ohio**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2009 and 2008*

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**FINDING NUMBER 2009-006**

**Noncompliance – Negative Fund Balance**

Ohio Revised Code Section 5705.10 requires that money paid into a fund must be used only for the purposes for which such fund has been established. The Village's general fund had negative fund balance in 2009 which was a result of audit adjustments to correct items recorded in incorrect funds. The Village should implement the appropriate procedures to ensure that money paid into a fund is used only for the purposes for which the fund has been established.

***Client Response:***

The client chose not to respond.

**FINDING NUMBER 2009-007**

**Noncompliance – Appropriations in Excess of Estimated Resources**

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. The Village incurred instances in 2008 and 2009 where appropriations exceeded estimated resources. The Village should implement budgetary monitoring procedures to ensure that overspending does not occur by amending the budget where appropriate.

***Client Response:***

New clerk has contained some of this.

**FINDING NUMBER 2009-008**

**Noncompliance – Expenditures in Excess of Appropriations**

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Instances were identified where expenditures were in excess of appropriations. Failure to monitor budgets subjects the Village to the risk of improper spending or overspending.

The Village should implement the appropriate procedures, such as periodic comparisons of expenditures to appropriations, to ensure that expenditures are limited to authorized/appropriated amounts.

***Client Response:***

Client chose not to respond.

**Village of Coolville**  
**Athens County, Ohio**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2009 and 2008*

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**FINDING NUMBER 2009-009**

**Noncompliance – Proper Encumbrance of Funds**

Ohio Revised Code Section 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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 expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 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 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 – The fiscal officer 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 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.

Several instances were identified in 2008 and 2009 where disbursements tested had invoice dates preceding the encumbrance dates. Failure to certify the availability of funds properly can result in overspending or disbursements for improper or unauthorized purposes.

***Client Response:***

Most were due to fiscal officer not keep UAN transactions up to date. Fiscal officer has since quit and all are kept current currently.

**Village of Coolville**  
**Athens County, Ohio**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2009 and 2008*

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**FINDING NUMBER 2009-010**

**Noncompliance – Mayor’s Court Docket and Disposition of Fines and Other Monies**

Ohio Revised Code Section 1905.21 states that the mayor of a municipal corporation and a mayor’s court magistrate shall keep a docket. The mayor or mayor’s court magistrate shall account for and dispose of all such fines, forfeitures, fees, and costs collected. Ohio Revised Code Section 733.40 states that all money collected shall be paid by the mayor into the municipality on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the Village. The magistrate did not keep a complete docket, cash book or case files. Furthermore the magistrate did not submit monthly reports to the legislative authority nor did he submit money to the treasurer. The Village’s Mayor’s Court should implement the appropriate procedures to ensure the maintenance of an accurate and complete docket, cashbook and case files. Furthermore the magistrate should account for all moneys collected and remit them timely to the Village.

***Client Response:***

The Village has hired an experienced clerk to perform these duties.

**FINDING NUMBER 2009-011**

**Noncompliance – Mayor’s Court**

Ohio Revised Code Section 2949.091 states in part that all money collected during a month and owed to the state shall be transmitted on or before the twentieth day of the following month by the clerk of courts to the treasurer of the state. The Mayor’s Court Clerk did not transmit money to the treasurer for most of 2008 and 2009. The Village’s Mayor’s Court should implement the appropriate procedures to ensure that the Mayor’s Court Clerk accurately, completely, and timely transmits to the state on or before the twentieth day of the month all money collected during the previous month.

***Client Response:***

The Village has hired a clerk to do this. We do file now quarterly.

**FINDING NUMBER 2009-012**

**Material Weakness – Bank Reconciliations**

When designing the Village’s system of internal control and the specific control activities, management should consider verifying the existence and valuation of assets and liabilities and periodically reconciling them to the accounting records. The Village did not perform bank reconciliations for the mayor’s court, water and sewer accounts for 2008 and 2009. Furthermore, there was no separate review function for the reconciliations performed for the general account for either year. The Fiscal Officer reconciled the book balance to the bank balance each month; however, these reconciliations were not accurate. We noted various errors in the reconciliations, including manual checks improperly recorded and unrecorded differences. Adjustments were recorded in the accompanying financial statements to correct such errors, if deemed material, or were brought to management’s attention as unrecorded differences, if deemed immaterial. Failure to reconcile or to have a review process in place subjects the Village to the risk of undetected errors or fraudulent activity potentially resulting in the misappropriation of assets or misstated financial statements. The Village should implement the appropriate procedures to ensure that reconciliations are performed for all accounts and that reconciliations are reviewed for accuracy.

***Client Response:***

Will perform reconciliations for above mentioned accounts.



**Village of Coolville**  
**Athens County, Ohio**  
*Schedule of Prior Audit Findings*  
*For the Years Ended December 31, 2009 and 2008*

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC 733.40 – Mayor’s court fines	No	Reissued as Finding 2009-010
2007-002	ORC 5705.41(B) – Expenditures in excess of appropriations	No	Reissued as Finding 2009-008
2007-003	ORC 5705.41(D) – Proper encumbrance of funds	No	Reissued as Finding 2009-009
2007-004	ORC 117-2-02(C)(1) – Budgeting at the legal level of control	No	Reissued, in part, in the management letter
2007-005	Material Weakness – Adjustments and reclassifications	No	Reissued as Finding 2009-001

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# Dave Yost • Auditor of State

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  
MAY 10, 2011