



Dave Yost • Auditor of State

VILLAGE OF COOLVILLE
ATHENS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

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 related notes of the Village of Coolville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014.

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 *Opinion on Regulatory Basis of Accounting* 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 of 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, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Basis for Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting

Other non-operating receipts are reported at \$3,260 and \$13,713 for the years ended December 31, 2015 and 2014, respectively, which is 100% of Fiduciary Fund receipts for the years ended December 31, 2015 and 2014. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as other non-operating receipts.

Disclaimer of Opinion on Fiduciary Fund Receipts on the Regulatory Basis of Accounting

Because of the significance of other non-operating receipts to the Fiduciary Fund Type, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Fiduciary Fund Type of the Village of Coolville, Athens County, Ohio, for the years ended December 31, 2015 and 2014.

Basis for Qualification of Opinion on General Fund Fines, licenses and permits on the Regulatory Basis of Accounting

Fines, licenses and permits are reported at \$8,250 and \$23,597 for the years ended December 31, 2015 and 2014, respectively, which is 17 percent and 42 percent of total General Fund operating receipts for the years ended December 31, 2015 and 2014, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as fines, licenses and permits. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualification of Opinion on the General Fund Fines, licenses and permits on the Regulatory Basis of Accounting

Also, in our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the 2015 and 2014 fines, licenses and permits receipts in the General Fund, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund, of the Village of Coolville, Athens County, Ohio, as of December 31, 2015 and 2014, 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 permit, described in Note 1.

Unmodified Opinions

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Special Revenue Funds, Capital Projects Fund and Enterprise Funds, of the Village of Coolville, Athens County, Ohio, as of December 31, 2015 and 2014, 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 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 May 16, 2017, 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

May 16, 2017

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**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$17,023	\$0	\$0	\$17,023
Intergovernmental	12,206	22,579	0	34,785
Special Assessments	0	9,631	0	9,631
Charges for Services	10,200	0	0	10,200
Fines, Licenses and Permits	8,250	0	0	8,250
Earnings on Investments	127	127	0	254
Miscellaneous	124	547	0	671
<i>Total Cash Receipts</i>	<u>47,930</u>	<u>32,884</u>	<u>0</u>	<u>80,814</u>
Cash Disbursements				
Current:				
Security of Persons and Property	26,945	0	0	26,945
Basic Utility Services	0	10,319	0	10,319
Transportation	0	30,395	0	30,395
General Government	22,198	1,126	0	23,324
<i>Total Cash Disbursements</i>	<u>49,143</u>	<u>41,840</u>	<u>0</u>	<u>90,983</u>
<i>Net Change in Fund Cash Balances</i>	(1,213)	(8,956)	0	(10,169)
<i>Fund Cash Balances, January 1</i>	<u>10,144</u>	<u>56,936</u>	<u>26</u>	<u>67,106</u>
Fund Cash Balances, December 31				
Restricted	0	50,587	0	50,587
Assigned	8,931	0	26	8,957
Unassigned (Deficit)	0	(2,607)	0	(2,607)
<i>Fund Cash Balances, December 31</i>	<u><u>\$8,931</u></u>	<u><u>\$47,980</u></u>	<u><u>\$26</u></u>	<u><u>\$56,937</u></u>

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

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Types	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$146,316	\$0	\$146,316
<i>Total Operating Cash Receipts</i>	<u>146,316</u>	<u>0</u>	<u>146,316</u>
Operating Cash Disbursements			
Personal Services	28,322	0	28,322
Employee Fringe Benefits	1,822	0	1,822
Contractual Services	344,666	0	344,666
Supplies and Materials	175,876	0	175,876
<i>Total Operating Cash Disbursements</i>	<u>550,686</u>	<u>0</u>	<u>550,686</u>
<i>Operating Income (Loss)</i>	<u>(404,370)</u>	<u>0</u>	<u>(404,370)</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	107,470	0	107,470
Special Assessments	64,452	0	64,452
Other Debt Proceeds	2,610,117	0	2,610,117
Capital Outlay	(2,282,052)	0	(2,282,052)
Other Financing Sources	0	3,260	3,260
Other Financing Uses	0	(3,804)	(3,804)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>499,987</u>	<u>(544)</u>	<u>499,443</u>
<i>Net Change in Fund Cash Balances</i>	95,617	(544)	95,073
<i>Fund Cash Balances, January 1</i>	<u>126,517</u>	<u>834</u>	<u>127,351</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$222,134</u></u>	<u><u>\$290</u></u>	<u><u>\$222,424</u></u>

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

**VILLAGE OF COOLVILLE
ATHENS 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	\$14,911	\$295	\$0	\$15,206
Intergovernmental	7,903	22,155	0	30,058
Special Assessments	0	9,110	0	9,110
Charges for Services	10,200	0	0	10,200
Fines, Licenses and Permits	23,597	0	0	23,597
Earnings on Investments	79	129	0	208
Miscellaneous	180	464	0	644
<i>Total Cash Receipts</i>	<u>56,870</u>	<u>32,153</u>	<u>0</u>	<u>89,023</u>
Cash Disbursements				
Current:				
Security of Persons and Property	28,604	0	0	28,604
Basic Utility Services	0	10,435	0	10,435
Transportation	0	35,743	0	35,743
General Government	29,736	938	0	30,674
Capital Outlay	247	0	0	247
<i>Total Cash Disbursements</i>	<u>58,587</u>	<u>47,116</u>	<u>0</u>	<u>105,703</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,717)</u>	<u>(14,963)</u>	<u>0</u>	<u>(16,680)</u>
Other Financing Receipts				
Sale of Capital Assets	607	300	0	907
<i>Total Other Financing Receipts</i>	<u>607</u>	<u>300</u>	<u>0</u>	<u>907</u>
<i>Net Change in Fund Cash Balances</i>	<u>(1,110)</u>	<u>(14,663)</u>	<u>0</u>	<u>(15,773)</u>
<i>Fund Cash Balances, January 1</i>	<u>11,254</u>	<u>71,599</u>	<u>26</u>	<u>82,879</u>
Fund Cash Balances, December 31				
Restricted	0	60,202	0	60,202
Assigned	10,144	0	26	10,170
Unassigned (Deficit)	0	(3,266)	0	(3,266)
<i>Fund Cash Balances, December 31</i>	<u>\$10,144</u>	<u>\$56,936</u>	<u>\$26</u>	<u>\$67,106</u>

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

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

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

	Proprietary Fund Types	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$141,872	\$0	\$141,872
<i>Total Operating Cash Receipts</i>	<u>141,872</u>	<u>0</u>	<u>141,872</u>
Operating Cash Disbursements			
Personal Services	33,736	0	33,736
Employee Fringe Benefits	2,951	0	2,951
Contractual Services	906,698	0	906,698
Supplies and Materials	74,965	0	74,965
<i>Total Operating Cash Disbursements</i>	<u>1,018,350</u>	<u>0</u>	<u>1,018,350</u>
<i>Operating Income (Loss)</i>	<u>(876,478)</u>	<u>0</u>	<u>(876,478)</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	2,947,587	0	2,947,587
Special Assessments	67,256	0	67,256
Other Debt Proceeds	2,474,718	0	2,474,718
Capital Outlay	(2,079,441)	0	(2,079,441)
Principal Retirement	(2,467,586)	0	(2,467,586)
Other Financing Sources	0	13,713	13,713
Other Financing Uses	0	(22,895)	(22,895)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>942,534</u>	<u>(9,182)</u>	<u>933,352</u>
<i>Net Change in Fund Cash Balances</i>	66,056	(9,182)	56,874
<i>Fund Cash Balances, January 1</i>	<u>60,461</u>	<u>10,016</u>	<u>70,477</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$126,517</u></u>	<u><u>\$834</u></u>	<u><u>\$127,351</u></u>

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

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 Coolville, Athens County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, maintenance of Village streets and highways, street lighting and police services.

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 Board 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

The Village invests all available funds in an interest-bearing checking account and certificates of deposit.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

Street Lighting Fund - This fund receives a portion of utility billings for provision of street lights.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Village had the following significant Capital Project Fund:

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

4. Enterprise Funds

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

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

Sewer Fund – This fund receives loan and grant proceeds from the Ohio Water Development Authority to finance the engineering, planning and building of a sanitary sewer system in the Village. This fund also receives charges for services from residents to cover sewer service costs.

5. Fiduciary Fund

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 - The 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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into three 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.

2. Assigned

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

3. 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.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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:

	2015	2014
Demand deposits	\$254,361	\$169,457
Certificates of deposit	25,000	25,000
Total deposits	\$279,361	\$194,457

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,135	\$47,930	(\$58,205)
Special Revenue	48,100	32,884	(15,216)
Capital Projects	800	0	(800)
Enterprise	3,714,917	2,928,355	(786,562)
Total	\$3,869,952	\$3,009,169	(\$860,783)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$131,305	\$49,143	\$82,162
Special Revenue	99,843	41,840	58,003
Capital Projects	826	0	826
Enterprise	3,520,462	2,832,738	687,724
Total	\$3,752,436	\$2,923,721	\$828,715

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$95,160	\$57,477	(\$37,683)
Special Revenue	38,300	32,453	(5,847)
Capital Projects	800	0	(800)
Enterprise	5,642,300	5,631,433	(10,867)
Total	\$5,776,560	\$5,721,363	(\$55,197)

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. Budgetary Activity (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$119,595	\$58,587	\$61,008
Special Revenue	104,473	47,116	57,357
Capital Projects	826	0	826
Enterprise	5,709,516	5,565,377	144,139
Total	\$5,934,410	\$5,671,080	\$263,330

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.

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

5. Debt

Debt outstanding at December 31, 2015, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority - Loan #6582	\$2,847,072	0.0%

The Ohio Water Development Authority (OWDA) Loan #4682 relates to the installation of a sewer plant. The OWDA approved up to \$6,106,675 in interest-free loans. The Village will repay the loan in semi-annual installments over 20 years. No amortization is available as of the date of this report. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

6. Retirement Systems

The Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equal to 14 percent of participants' gross salaries. The Village has paid all contributions through December 31, 2015.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. 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 refunds would be immaterial.

9. Outstanding Interfund Advances

Unpaid, interfund cash advances at December 31, 2015 were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$6,000	\$0
Street Lighting	0	1,000
Street Levy	1,000	0
Water Operating	0	6,000
Total	<u>\$7,000</u>	<u>\$7,000</u>



Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Coolville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 16, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We did not express an opinion on the Fiduciary Fund Type. We also qualified our opinion on fines, licenses and permits receipts in the General Fund.

Internal Control Over Financial Reporting

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

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

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 2015-002 through 2015-004 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 2015-005 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 2015-001 through 2015-003.

Entity's Responses 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

May 16, 2017

**VILLAGE OF COOLVILLE
ATHENS COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Noncompliance

Ohio Rev. Code § 735.28 provides, in part, that, in each village in which a water works, electric light plant, artificial or natural gas plant, or other similar public utility is situated, or when the legislative authority thereof orders a water works, electric light plant, natural or artificial gas plant, or other similar public utility to be constructed, or to be leased or purchased from any individual, company, or corporation, or when such legislative authority determines to establish a schedule of rates or charges of rents for use of the sewerage system and sewage pumping, treatment, and disposal works of the village, such legislative authority shall establish a board of trustees of public affairs, which shall consist of three members who are residents of the village.

Additionally, Ohio Rev. Code § 735.272 provides that, upon the establishment of the position of village administrator, the person's appointment by the mayor and confirmation by the legislative authority of the village, as provided by section § 735.271 of the Revised Code, the board of trustees of public affairs, if such a board has been created in accordance with § 735.28 of the Revised Code, shall be abolished and the term of office of members of such board shall terminate. All contracts entered into by said board of trustees of public affairs and rules and regulations and other action taken by such board shall continue in effect until they have terminated of their own accord or until they shall have been modified, changed, revised, amended, or repealed in the manner provided by law.

The Village never established a Board of Public Affairs, nor was the position of a Village Administrator created as required by law.

Council should consult with the Village Solicitor to research the Code Sections discussed above and establish a Board of Public Affairs. Once established, Council may determine it would better serve the Village to abolish the Board and, instead, appoint a Village Administrator as provided for by the Code.

Official's Response: We will work with the solicitor to get this established.

FINDING NUMBER 2015-002

Noncompliance and Material Weakness

Ohio Rev. Code § 1905.21 provides 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. Further, Ohio Rev. Code § 733.40 provides 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.

Ohio Rev. Code § 2949.091 provides, 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 court to the treasurer of the state.

The Mayor and Mayor's Court Clerk could not produce the Mayor's Court records (dockets, cashbook, case files, and fee schedules). Further, the Mayor provided no evidence that the Village submitted the required monthly reports or remittances to the legislative authority or state.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-002 (Continued)

Noncompliance and Material Weakness - Ohio Rev. Code § 1905.21 (Continued)

The Mayor should implement the appropriate procedures to ensure the maintenance of an accurate and complete docket, cashbook and case files. The Mayor should account for all money collected and remit them timely to the Village and State.

Official's Response: Mayor Rood is looking into ways to fix this.

FINDING NUMBER 2015-003

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-01(D)(4) provides that, when designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The size of the Village's staff did not allow for an adequate segregation of duties; the Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is, therefore, important that the Council monitor financial activity closely.

During 2014 and 2015, Council review of financial information was limited. The Council approved a list of expenditures prepared by the Fiscal Officer monthly. There was, however, no consistent Council signature present on reports or approval documented in the minute record to evidence Council review of budget to actual information or other financial information with the exception of the list of expenditures. Further, the Fiscal Officer prepared bank reconciliations each month; no evidence was provided indicating review or approval by Council.

The insufficiency of financial information provided to the Council hampers the Council's ability to effectively monitor the financial activity and position of the Village. The lack of controls over expenditures and financial reporting adversely affected the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

The Fiscal Officer should provide budget-to-actual information to the Council monthly in sufficient detail to allow for meaningful review. Further, Council should review bank reconciliations on a monthly basis to ensure proper reconciliation and absence of unexplained/unsupported other adjustments. This review should be documented in the minute record and/or the reviewed report initialed and dated to evidence review. Further, Council should make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Village.

Official's Response: We will try to get Council more involved.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-004

Material Weakness – Mispostings

All local public offices should 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, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Ohio Rev. Code § 5705.10(I) provides that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund.

The Fiscal Officer posted certain revenue and expenditures transactions incorrectly resulting in material audit adjustments and a negative State Highway Fund cash balance at December 31, 2015 and 2014 of \$2,607 and \$3,266, respectively.

For the year ended December 31, 2015, the following items were noted:

General Fund:

- The Fiscal Officer improperly classified the portion of the General Fund equity resulting from subsequent year appropriations exceeding estimated receipts. This increased General Fund Assigned Fund Cash Balances and decreased Unassigned Fund Cash Balances \$24,699.
- The Fiscal Officer improperly classified Intergovernmental receipts as Property Tax and misposted other minor items resulting in a decrease in Property and Other Local Taxes of \$2,764, an increase in Intergovernmental of \$2,523, an increase in Miscellaneous receipts of \$124, and an increase in General Government of \$625.

Special Revenue Funds:

- The Fiscal Officer improperly classified Intergovernmental receipts as Property Tax and misposted other minor items resulting in:
 - Street Construction, Maintenance and Repair- a decrease in Intergovernmental of \$410 and an increase in miscellaneous receipts of \$341.
 - State Highway- an increase in Intergovernmental of \$1,410 and an increase in miscellaneous receipts of \$69.
 - Permissive Motor Vehicle License Tax- an increase in Intergovernmental of \$1,197 and a decrease in Property and Other Local Taxes of \$1,603.
 - Street Levy Fund- an increase in Miscellaneous receipts of \$137 and a decrease in Intergovernmental of \$399.

Capital Project Funds:

- The Fiscal Officer posted a utility bill to the Capital Projects fund in error resulting in a decrease in Cruiser Repair Fund Fines, Licenses, and Permits of \$41.
- The Fiscal Officer improperly classified Cruiser Repair Fund equity in accordance with GASB 54. This increased Assigned Fund Cash Balances and decreased Restricted Fund Cash Balances \$67.

Enterprise Funds:

- The Fiscal Officer improperly posted on-behalf and debt transactions relating to an Ohio Water Development Authority sewer project resulting in an increase in Proceeds from Debt of \$2,610,117, an increase in Capital Outlay of \$2,282,052, a decrease in Special Assessment of \$328,065 in the Sewer Fund.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-004 (Continued)

Material Weakness – Mispostings (Continued)

- The Fiscal Officer improperly posted Community Development Block Grant monies as Special Assessment resulting in an increase in Intergovernmental receipts and a decrease in Special Assessment of \$107,470 in the Sewer Fund.
- The Fiscal Officer posted a utility bill to the Capital Projects fund in error resulting in an increase in Water Operating Charges for Services of \$41.

Agency Fund:

- The Fiscal Officer failed to include Mayor’s Court activity on its financial statements resulting in an increase in Other Non-Operating Receipts of \$3,260 and an increase in Other Non-Operating Disbursements of \$3,804 in the Mayor’s Court Fund.

For the year ended December 31, 2014, the following items were noted:

General Fund:

- The Fiscal Officer improperly classified the portion of the General Fund equity resulting from subsequent year appropriations exceeding estimated receipts. This increased General Fund Assigned Fund Cash Balances and decreased Unassigned Fund Cash Balances \$25,170.
- The Fiscal Officer improperly classified Intergovernmental receipts as Property Tax and misposted other minor items resulting in a decrease in Property and Other Local Taxes of \$3,763, an increase in Intergovernmental of \$1,770, an increase in Miscellaneous receipts of \$180, and an increase in Sale of Capital Assets of \$607.
- Beginning Fund balances did not agree to the prior year audited balances resulting in a decrease in Fund Cash Balances, January 1 of \$13,820.
- The Fiscal Officer misposted a payment of Mayor’s Court Activity to the Village General Fund resulting in a \$5,000 decrease in Transfers In and a \$5,000 increase in Fines, Licenses, and Permits.

Special Revenue Funds:

- The Fiscal Officer improperly classified Intergovernmental receipts as Property Tax and misposted other minor items resulting in:
 - Street Construction, Maintenance and Repair- an increase in Intergovernmental of \$46, an increase in Sale of Capital Asset of \$300, and an increase in Miscellaneous receipts of \$119.
 - State Highway- an increase in Intergovernmental of \$807 and an increase in miscellaneous receipts of \$119.
 - Permissive Motor Vehicle License Tax- an increase in Intergovernmental of \$778 and a decrease in Property and Other Local Taxes of \$890.
 - Street Levy Fund- an increase in Miscellaneous receipts of \$226 and a decrease in Intergovernmental of \$300.
- Beginning Fund balances did not agree to the prior year audited balances resulting in:
 - Street Construction, Maintenance and Repair- an increase in Fund Cash Balances, January 1 of \$4,126.
 - State Highway- a decrease in Fund Cash Balances, January 1 of \$5,138.
 - Permissive Motor Vehicle License Tax- a decrease in Fund Cash Balances, January 1 of \$179.
 - Street Lighting- an increase in Fund Cash Balances, January 1 of \$4,172.
 - Street Levy- an increase in Fund Cash Balances, January 1 of \$1,682.
- A check for \$675 debited to the State Highway Fund was voided but marked as cleared resulting in the understatement of fund balance.

**VILLAGE OF COOLVILLE
ATHENS COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-004 (Continued)

Material Weakness – Mispostings (Continued)

Capital Project Funds:

- The Fiscal Officer improperly classified Cruiser Repair Fund equity in accordance with GASB 54. This increased Assigned Fund Cash Balances and decreased Restricted Fund Cash Balances \$67.

Enterprise Funds:

- The Fiscal Officer improperly posted on-behalf and debt transactions relating to an Ohio Water Development Authority sewer project resulting in an increase in Proceeds from Debt of \$2,474,718, an increase in Capital Outlay of \$2,079,441, an increase in Intergovernmental of \$2,467,586, an increase in Principal of \$2,467,586, a decrease in Charges for Services of \$384,063, and a decrease in Special Assessment of \$11,214 in the Sewer Fund.
- The Fiscal Officer improperly posted Community Development Block Grant monies as Charges for Services resulting in an increase in Intergovernmental receipts and a decrease in Charges for Services of \$480,001 in the Sewer Fund.
- Beginning Fund balances did not agree to the prior year audited balances resulting in:
 - Water Operating- an increase in Fund Cash Balances, January 1 of \$9,893.
 - Sewer- a decrease in Fund Cash Balances, January 1 of \$17,986.
 - Water Deposit- an increase in Fund Cash Balances, January 1 of \$1,000.

Agency Funds:

- The Fiscal Officer failed to include Mayor’s Court activity on its financial statements resulting in an increase in Other Non-Operating Receipts of \$13,713 and an increase in Other Non-Operating Disbursements of \$22,895 in the Mayor’s Court Fund.
- Beginning Fund balances did not agree to the prior year audited balances resulting in an increase in Fund Cash Balances, January 1 of \$9,726 in the Mayor’s Court Fund.

The following represents the cumulative effect of the adjustments listed above on the respective fund cash balances as of December 31, 2015:

Fund	Original Balance at 12/31/15	Audit Adjustments	Adjusted Balance at 12/31/15
1000 General	\$24,699	(\$15,768)	\$8,931
2011 Street Construction, Maintenance and Repair	3,086	4,522	7,608
2021 State Highway	80	(3,408)	(3,328)
2101 Permissive MVLT	5,291	(697)	4,594
2401 Street Lighting	2,982	4,172	7,154
2901 Street Levy	29,885	1,346	31,231
4902 Cruiser Repair	67	(41)	26
5101 Water Operating	1,453	9,934	11,387
5201 Sewer	224,437	(17,986)	206,451
5781 Water Deposit	3,296	1,000	4,296
9901 Mayor's Court	290	0	290
	\$295,566	(\$16,926)	\$278,640

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-004 (Continued)

Material Weakness – Mispostings (Continued)

These misstatements were caused by confusion over proper classifications and a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Village's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

The Fiscal Officer should refer to the Village Officers' Handbook for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the financial statements reflect the appropriate sources of the receipts and expenditures.

Official's Response: We will seek council's guidance on these in the future.

FINDING NUMBER 2015-005

Significant Deficiency

The Village does not have a policy in place for noncash adjustments. Adjustments are presented to the Fiscal Officer for a verbal approval. Once verbally approved, the Water Clerk adjusts the customer's account. However, we note no documentation supporting the approval to adjust the accounts is maintained.

Non-cash adjustments should never be approved by the person or persons posting, depositing and recording receipts, both directly to the utility accounts or to the financial system. Failure to appropriately identify and appropriately approve adjustments can be a fraud risk factor and lead to irregularities in accounts or a loss of revenue for the Village.

The Village should approve an official policy for documenting approvals for adjustments to utility accounts. Further, the Village should ensure all approvals of adjustments are properly documented and maintained.

Official's Response: Will change our policy to make sure the adjustments are approved through Council.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	Material Weakness relating to material misstatements requiring financial statement adjustment.	No	Repeated as Finding 2015-004
2013-002	Ohio Rev. Code § 5705.36(A)(2) – Estimate resources were not amended resulting in appropriations exceeding available resources.	Yes	N/A
2013-003	Ohio Rev. Code § 5705.39 – Appropriations exceeded Estimated Resources.	Yes	N/A
2013-004	Ohio Rev. Code § 5705.41(D)(1) – Expenditures were not always encumbered prior to obligation.	Yes	N/A
2013-005	Ohio Rev. Code § 5705.10(I) – Negative fund cash balances existed in the General Fund and the State Highway fund during the audit period.	Yes	N/A
2013-006	Material Weakness for variances between budgetary amounts posted to the accounting system and the amounts formally approved/adopted.	No	Partially Corrected. Repeated in a separate letter to management.
2013-007	Ohio Rev. Code § 1905.21 – Failure to maintain a Mayor’s Court docket, file reports to Council and remit fines to the Village timely.	No	Repeated as Finding 2015-002
2013-008	Ohio Rev. Code § 2949.091 – Failure to remit fines to the State timely.	No	Repeated as Finding 2015-002
2013-009	Material Weakness for failure to perform bank reconciliations for the court and utility accounts and for incorrect/inaccurate general account reconciliations.	Yes	N/A

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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
JUNE 6, 2017