



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



VILLAGE OF COOLVILLE  
ATHENS COUNTY

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Coolville  
Athens County  
P.O. Box 64  
Coolville, Ohio 45723-0064

To the Village Council:

We have audited the accompanying financial statements of the Village of Coolville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000. 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Coolville, Athens County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2002, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

May 7, 2002

**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, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 10,768	\$ 13,427	\$ 24,195
Intergovernmental	21,661	13,863	35,524
Charges for Services	2,400		2,400
Licenses, Permits, and Fees	2,102		2,102
Other Revenue	4,153	272	4,425
	<u>41,084</u>	<u>27,562</u>	<u>68,646</u>
<b>Total Cash Receipts</b>			
	<u>41,084</u>	<u>27,562</u>	<u>68,646</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	13,250		13,250
Basic Utility Services	2,948	340	3,288
Transportation		29,284	29,284
General Government	18,956	1,966	20,922
Capital Outlay		11,000	11,000
	<u>35,154</u>	<u>42,590</u>	<u>77,744</u>
<b>Total Cash Disbursements</b>			
	<u>35,154</u>	<u>42,590</u>	<u>77,744</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>5,930</u>	<u>(15,028)</u>	<u>(9,098)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Sale of Public Debt:			
Sale of Notes		11,000	11,000
Transfers-In		1,200	1,200
Advances-In		3,500	3,500
Transfers-Out	(1,200)	(17)	(1,217)
Advances-Out	(3,500)		(3,500)
	<u>(4,700)</u>	<u>15,683</u>	<u>10,983</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(4,700)</u>	<u>15,683</u>	<u>10,983</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	1,230	655	1,885
<b>Fund Cash Balances, January 1</b>	<u>2,412</u>	<u>11,473</u>	<u>13,885</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 3,642</u></u>	<u><u>\$ 12,128</u></u>	<u><u>\$ 15,770</u></u>

*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 SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 88,663	\$	\$ 88,663
Total Operating Cash Receipts	<u>88,663</u>	<u>0</u>	<u>88,663</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	17,678		17,678
Employee Fringe Benefits	1,033		1,033
Contractual Services	63,111		63,111
Supplies and Materials	3,958		3,958
Capital Outlay	1,221		1,221
Miscellaneous	3,521		3,521
Total Operating Cash Disbursements	<u>90,522</u>	<u>0</u>	<u>90,522</u>
Operating Income (Loss)	<u>(1,859)</u>	<u>0</u>	<u>(1,859)</u>
<b>Nonoperating Cash Receipts and Disbursements</b>			
Other Nonoperating Receipts		1,907	1,907
Other Nonoperating Disbursements		(650)	(650)
Total Nonoperating Receipts and Disbursements	<u>0</u>	<u>1,257</u>	<u>1,257</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	<u>(1,859)</u>	<u>1,257</u>	<u>(602)</u>
Operating Transfers In	<u>17</u>		<u>17</u>
Net Income	(1,842)	1,257	(585)
Fund Cash Balances, January 1	<u>10,679</u>		<u>10,679</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 8,837</b></u>	<u><b>\$ 1,257</b></u>	<u><b>\$ 10,094</b></u>

*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, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 10,878	\$ 13,503	\$ 24,381
Intergovernmental	17,617	12,925	30,542
Licenses, Permits, and Fees	1,397		1,397
Interest Earnings	367	139	506
All Other Receipts	5,014	150	5,164
	<u>35,273</u>	<u>26,717</u>	<u>61,990</u>
<b>Total Cash Receipts</b>			
	<u>35,273</u>	<u>26,717</u>	<u>61,990</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	8,854		8,854
Basic Utility Services	1,614	2,087	3,701
Transportation		25,943	25,943
General Government	8,050	6,757	14,807
	<u>18,518</u>	<u>34,787</u>	<u>53,305</u>
<b>Total Cash Disbursements</b>			
	<u>18,518</u>	<u>34,787</u>	<u>53,305</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>16,755</u>	<u>(8,070)</u>	<u>8,685</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	1,700	950	2,650
Advances-Out	(1,700)	(950)	(2,650)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>16,755</u>	<u>(8,070)</u>	<u>8,685</u>
<b>Fund Cash Balances, January 1</b>	<u>(14,343)</u>	<u>19,543</u>	<u>5,200</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 2,412</u>	<u>\$ 11,473</u>	<u>\$ 13,885</u>

*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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 85,791
Total Operating Cash Receipts	85,791
<b>Operating Cash Disbursements:</b>	
Current:	
Personal Service	15,359
Employee Fringe Benefits	2,262
Contractual Services	65,813
Supplies and Materials	3,926
Capital Outlay	2,732
Miscellaneous	2,272
Total Operating Cash Disbursements	92,364
Operating Income (Loss)	(6,573)
Advances-In	2,650
Advances-Out	(2,650)
Net Income (Loss)	(6,573)
Fund Cash Balances, January 1	17,252
<b>Fund Cash Balances, December 31</b>	<b>\$ 10,679</b>

*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, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

**C. Cash**

The Village places all available funds of the Village in a non-interest bearing checking account.

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources 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 license tax money for constructing, maintaining, and repairing Village streets.

*State Highway Improvement Fund* - This fund receives gasoline tax and motor vehicle license tax money for maintaining state highways in the Village.

**VILLAGE OF COOLVILLE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(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.

*COPS Grant Fund* - This fund receives grant funds for police protection in the Village.

**3. Enterprise Funds**

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

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

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

**4. Fiduciary Funds (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Fiduciary Fund:

*Mayor's Court Fund* – This fund accounts for the financial activity of the Mayor's Court and is classified as an Agency Fund.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**VILLAGE OF COOLVILLE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	2001	2000
Demand Deposits	\$25,864	\$24,564

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

**3. BUDGETARY ACTIVITY**

Budgetary for the years ending December 31, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,212	\$41,084	(\$11,128)
Special Revenue	19,940	43,262	23,322
Enterprise	106,000	88,680	(17,320)
Total	\$178,152	\$173,026	(\$5,126)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$23,185	\$39,854	(\$16,669)
Special Revenue	12,560	42,607	(30,047)
Enterprise	26,580	90,522	(63,942)
Total	\$62,325	\$172,983	(\$110,658)

**VILLAGE OF COOLVILLE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,700	\$36,973	(\$15,727)
Special Revenue	29,178	27,667	(1,511)
Enterprise	90,654	88,441	(2,213)
Total	\$172,532	\$153,081	(\$19,451)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$21,935	\$20,218	\$1,717
Special Revenue	9,560	35,737	(26,177)
Enterprise	27,680	95,014	(67,334)
Total	\$59,175	\$150,969	(\$91,794)

For both 2001 and 2000, the Village failed to adopt a permanent appropriations measure. Consequently, expenditures exceeded appropriations in all budgeted funds for 2001 and 2000, except the General Fund for 2000. The budgeted amounts above reflect the temporary measure adopted, covering the period through March 31 of each year.

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2001, was as follows:

	Principal	Interest Rate
Equipment Note	\$ 11,000	3.35%

**VILLAGE OF COOLVILLE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. DEBT (Continued)**

The equipment note was issued in 2001 to finance the purchase of a new truck to be used for Village street work. The note is collateralized by the equipment purchased and is backed by the full faith and credit of the Village.

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

Year Ending December 31:	Equipment Note
2002	\$ 2,987
2003	2,988
2004	2,987
2005	2,988
Total	\$ 11,950

**6. RETIREMENT SYSTEM**

The Village's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed an amount equal 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- General liability and casualty;
- Vehicles
- Property, including Electronic Data and Equipment and
- Public Officials' liability.

**8. CONTINGENT LIABILITIES**

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

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

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

Village of Coolville  
Athens County  
P.O. Box 64  
Coolville, Ohio 45723-0064

To the Village Council:

We have audited the accompanying financial statements of the Village of Coolville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 7, 2002. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2001-30705-001 to 2001-30705-007. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 7, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2001-30705-008.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 7, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized, cursive script.

**Jim Petro**  
Auditor of State

May 7, 2002

**VILLAGE OF COOLVILLE  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-30705-001**

**Finding for Recovery**

Ohio Rev. Code Section 2743.70 requires the Court in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, to impose and collect additional costs to be used for the State's Reparations Fund. Ohio Rev. Code Section 2949.091 requires the Court to impose and collect additional costs to be used for the State General Revenue Fund. All such moneys collected during a month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the Treasurer of State and deposited by the Treasurer in the Reparations Fund and the General Revenue Fund, respectively.

In November and December 2001, the Village collected but failed to remit to the State of Ohio the \$9 in additional costs imposed by Ohio Rev. Code Section 2743.70 and the \$11 in additional costs imposed by Ohio Rev. Code Section 2949.091. As a result, the Village underpaid the State of Ohio \$400 from Mayors Court collections in 2001.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for money collected but not remitted is hereby issued against the Mayor's Court Fund of the Village of Coolville, in the amount of \$400, and in favor of the Treasury of the State of Ohio, to the credit of the Reparations Fund for \$180, and to the General Revenue Fund for \$220.

**FINDING NUMBER 2001-30705-002**

**Finding for Adjustment**

Fines collected by the Mayor's Court for traffic violations included costs due the Village in the amount of \$855. These costs were not remitted to the Village. Ohio Rev. Code Section 733.40 requires that all fines, forfeitures, court costs and fees collected by the Mayor be paid to the Village treasury on the first Monday of each month.

In accordance with the foregoing facts, a finding for adjustment in the amount of \$855 is hereby issued against the Mayor's Court, in favor of the General Fund.

As of the date of this report, Village management is in agreement with the aforementioned adjustment and this adjustment has been made to the Village records during fiscal year 2002; however, the adjustment is not reflected in the December 31, 2001 financial statements.

**FINDING NUMBER 2001-30705-003**

**Finding for Adjustment**

Ohio Rev. Code Section 5705.10 requires all revenue derived from a specific source to be credited to a special fund for a purpose for which the monies were received.

Receipts from the State of Ohio for permissive tax were not posted to a Permissive Fund. Instead, the monies were split between the Street Construction, Maintenance and Repair Fund and the State Highway Improvement Fund. Year 2001 and 2000 permissive receipts totaled \$849 and \$863, respectively.

**VILLAGE OF COOLVILLE  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**FINDING NUMBER 2001-30705-003 (Continued)**

**Finding for Adjustment – Ohio Rev. Code Section 5705.10 (Continued)**

In accordance with the foregoing facts, a finding for adjustment is hereby issued against the Street Construction, Maintenance and Repair Fund and the State Highway Improvement Fund, in the amounts of \$1,584 and \$128, respectively, in favor of a Permissive Fund. This adjustment had no effect on the financial statements since all of the funds involved are Special Revenue Funds.

**FINDING NUMBER 2001-30705-004**

**Noncompliance Citation**

Ohio Rev Code Section 149.351 establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Ohio Rev. Code Sections 149.38 to 149.42.

The meter book readings taken by the meter reader were used by the Water Clerk to determine monthly usage by each customer. This usage was then compared to the rates approved by Council. The amount on the rate schedule was then input in the consumer ledger, as well as entered on the billing statement sent to the customer. Meter book readings were not presented or retained for audit for all of 2000 and eight months of 2001.

We recommend the Village retain all records pertaining to water usage and billing for future audits.

**FINDING NUMBER 2001-30705-005**

**Noncompliance Citation**

Ohio Rev Code Section 5705.38 states 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 passage of an annual appropriation measure until an amended certificate of estimated resources is received from the County Budget Commission based upon actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

The Village Council did not pass a permanent appropriations measure for either 2000 or 2001. Although temporary appropriations measures were adopted for both years, the spending authority created by these measures expired on April 1 of each year. In the absence of permanent appropriations measures, Village Council and management lose the ability to regulate the Village's spending, which could result in deficit spending.

We recommend the Village Council adopt temporary appropriation measures on or about the first day of the fiscal year to cover current expenses if it is anticipated that the adoption of a permanent appropriations measure will be postponed. The permanent appropriations measure should then be adopted by April 1.

**VILLAGE OF COOLVILLE  
ATHENS COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2001-30705-006**

**Noncompliance Citation**

Ohio Rev Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been properly appropriated.

The Village expended money in 2000 and 2001 without the benefit of permanent appropriations. Temporary appropriations were in place from only January 1 to March 31 of each year. This resulted in a lack of budgetary control and could result in fund deficits.

We recommend the Village Council adopt appropriation measures prior to expending funds. In addition, the Village Council should review budgetary information on a regular basis to ensure that expenditures have not exceeded appropriations and to seek amendments as needed.

**FINDING NUMBER 2001-30705-007**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

The following exceptions to this basic requirement are provided by statute:

- ▶ “Then and Now Certificate”: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- ▶ Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

**VILLAGE OF COOLVILLE  
ATHENS COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2001-30705-007 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41(D) (Continued)**

During the audit period, the Village failed to utilize the encumbrance method of accounting, which requires the prior certification of the Village Clerk before an obligation is incurred. As a result, the Village had a lack of management and budgetary control over expenditures.

We recommend the Village implement the encumbrance method of accounting and that the prior certification of the Village Clerk be obtained before an obligation is incurred.

**FINDING NUMBER 2001-30705-008**

**Reportable Condition**

**Monitoring of Financial Activity**

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

Since we do not consider it practical for the Village Council to hire additional employees in order to segregate the accounting duties, we recommend, after the Village Clerk has performed the monthly bank reconciliation, the Village Council review the validity of the computations and attest their agreement thereto. Also, the Village Council should carefully review and formally approve pertinent financial and budgetary information, such as the: 1) Cash Journal, 2) Budgeted vs. Actual Receipts Report, 3) Budgeted vs. Actual Expenditure Report, 4) Outstanding Debt Summary, 5) Transaction Log and 6) Reconciliations, on a monthly basis. Documentation of such reviews can be included within the Village Council minute record and/or initial/date the items reviewed. Also, the Village Council should make appropriate inquiries to help determine the continued integrity of financial information. Appropriate inquiries would include:

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

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

The Village Clerk and Village Council should also become familiar with the Ohio Compliance Supplement to assist them in complying with applicable laws and regulations.

**VILLAGE OF COOLVILLE  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken, or Finding No Longer Valid;
1999-30705-001	A finding for recovery was issued for overpayment of compensation.	Yes	N/A
1999-30705-002	A material noncompliance citation was issued under Ohio Admin. Code Section 117-5-10(A) for failure to maintain a receipts ledger.	Yes	N/A
1999-30705-003	A material noncompliance citation was issued under Ohio Admin. Code Section 117-5-11(A) for failure to maintain an appropriations ledger.	Yes	N/A
1999-30705-004	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.10 for posting revenues to the incorrect fund.	No	Not Corrected:  This finding is repeated in the current Schedule of Findings as item 2001-30705-003.
1999-30705-005	A material noncompliance citation was issued under Ohio Rev. Code Sections 5705.38 and 5705.41(B) for failure to adopt permanent appropriations and expenditures exceeding amounts appropriated.	No	Not Corrected:  This finding is repeated in the current Schedule of Findings as items 2001-30705-005 and 2001-30705-006.
1999-30705-006	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not utilizing the encumbrance method of accounting.	No	Not Corrected:  This finding is repeated in the current Schedule of Findings as item 2001-30705-007.
1999-30705-007	A material noncompliance citation was issued under Ohio Rev. Code Section 149.351 for certain records not being presented for audit and presumed destroyed.	No	Not Corrected:  This finding is repeated in the current Schedule of Findings as item 2001-30705-004.
1999-30705-008	A reportable condition was issued concerning the failure of the Village to provide controls over the monitoring of financial activity.	No	Not Corrected:  This finding is repeated in the current Schedule of Findings as item 2001-30705-008.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF COOLVILLE**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 18, 2002**