

VILLAGE OF CROOKSVILLE
ANNUAL REPORT
YEARS ENDED DECEMBER 31, 2005 AND 2004

Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701



**Auditor of State
Betty Montgomery**

Members of Council
Village of Crooksville
22 China Street
Crooksville, Ohio 43731

We have reviewed the *Independent Auditors' Report* of the Village of Crooksville, Perry County, prepared by Wolfe, Wilson, & Phillips, Inc. for the audit period January 1, 2004 through December 31, 2005. 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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the AOS 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 Auditors' Report* also includes an opinion on the financial statements using the regulatory format the AOS 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 Crooksville is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 19, 2006

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**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Crooksville
Perry County
22 China Street
Crooksville, Ohio 43731

We have audited the accompanying financial statements of the Village of Crooksville, Perry County as of and for the years ended December 31, 2005 and 2004. 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, 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 paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Crooksville's combined funds as of December 31, 2005 and 2004, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Crooksville, Perry County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the year ended December 31, 2005 and 2004. 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 16, 2006, on our consideration of Village of Crooksville's internal control structure over financial reporting and 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 the 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 read in conjunction with this report in considering the results of our audit.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 16, 2006

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Outlay	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 522,846	\$ 69,951	\$ -	\$ -	\$ 592,797
Intergovernmental Receipts	120,531	464,382	-	-	584,913
Charges for Services	2,284	165,958	-	-	168,242
Fines, Licenses, and Permits	12,633	100	-	-	12,733
Earnings on Investments	9,269	10,507	-	-	19,776
Miscellaneous	56,267	6,842	-	-	63,109
Total Cash Receipts	<u>723,830</u>	<u>717,740</u>	<u>-</u>	<u>-</u>	<u>1,441,570</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	175,739	222,041	-	-	397,780
Public Health	-	189,993	-	-	189,993
Leisure Time Activities	-	104,376	-	-	104,376
Transportation	-	203,182	-	-	203,182
General Government	468,473	36	-	-	468,509
Debt Service:					
Principal Payments	-	-	42,087	-	42,087
Interest Payments	-	-	19,902	-	19,902
Capital Outlay	-	-	-	7,694	7,694
Total Cash Disbursements	<u>644,212</u>	<u>719,628</u>	<u>61,989</u>	<u>7,694</u>	<u>1,433,523</u>
Total Cash Receipts Over/(Under) Cash Disbursements	79,618	(1,888)	(61,989)	(7,694)	8,047
Other Financing Receipts and (Disbursements):					
Transfer-In	-	133,112	63,202	-	196,314
Sale of Assets	350	624	-	76,948	77,922
Transfer-Out	(72,453)	(127,012)	-	-	(199,465)
Total Other Financing Receipts/(Disbursements)	<u>(72,103)</u>	<u>6,724</u>	<u>63,202</u>	<u>76,948</u>	<u>74,771</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,515	4,836	1,213	69,254	82,818
Fund Cash Balances, January 1	<u>73,636</u>	<u>201,255</u>	<u>-</u>	<u>147,912</u>	<u>422,803</u>
Fund Cash Balances, December 31	<u>\$ 81,151</u>	<u>\$ 206,091</u>	<u>\$ 1,213</u>	<u>\$ 217,166</u>	<u>\$ 505,621</u>
Reserve for Encumbrances, December 31	<u>\$ 30,792</u>	<u>\$ 11,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,900</u>

See notes to financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, DASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 1,145,277	\$ -	\$ 1,145,277
Total Operating Cash Receipts	1,145,277	-	1,145,277
Operating Cash Disbursements:			
Personal Services	410,670	-	410,670
Travel	69	-	69
Contractual Services	351,759	-	351,759
Supplies and Materials	153,052	-	153,052
Miscellaneous	127,369	-	127,369
Capital Outlay	2,963	-	2,963
Total Operating Cash Disbursements	1,045,882	-	1,045,882
Operating Income/(Loss)	99,395	-	99,395
Non-Operating Cash Receipts			
Earnings on Investments	4,564	-	4,564
Other Non-Operating Receipts	88,520	20,753	109,273
Total Non-Operating Cash Receipts	93,084	20,753	113,837
Non-Operating Cash Disbursements			
Debt Service			
Principal	125,887	-	125,887
Interest	97,328	-	97,328
Other Non-Operating Cash Disbursements	135,000	18,287	153,287
Total Non-Operating Cash Disbursements	358,215	18,287	376,502
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(165,736)	2,466	(163,270)
Transfer-In	148,045	-	148,045
Advance-In	19,600	-	19,600
Advance-Out	(19,600)	-	(19,600)
Transfer-Out	(144,894)	-	(144,894)
Net Receipts Over/(Under) Disbursements	(162,585)	2,466	(160,119)
Fund Cash Balances, January 1	533,695	602	534,297
Fund Cash Balances, December 31	\$ 371,110	\$ 3,068	\$ 374,178
Reserve for Encumbrances, December 31	\$ 38,062	\$ -	\$ 38,062

See notes to financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Outlay	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 500,794	\$ 86,210	\$ -	\$ -	\$ 587,004
Intergovernmental Receipts	117,116	194,007	-	-	311,123
Charges for Services	16,363	197,248	-	-	213,611
Fines, Licenses, and Permits	13,590	7,170	-	-	20,760
Earnings on Investments	3,808	1,667	-	-	5,475
Miscellaneous	72,019	131	-	-	72,150
Total Cash Receipts	<u>723,690</u>	<u>486,433</u>	<u>-</u>	<u>-</u>	<u>1,210,123</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	180,770	-	-	-	180,770
Public Health	-	77,629	-	-	77,629
Leisure Time Activities	-	115,820	-	-	115,820
Transportation	-	179,663	-	-	179,663
General Government	421,764	-	-	-	421,764
Debt Service:					
Principal Payments	-	-	41,264	-	41,264
Interest Payments	-	-	22,009	-	22,009
Capital Outlay	1,054	107,210	-	-	108,264
Total Cash Disbursements	<u>603,588</u>	<u>480,322</u>	<u>63,273</u>	<u>-</u>	<u>1,147,183</u>
Total Cash Receipts Over/(Under) Cash Disbursements	120,102	6,111	(63,273)	-	62,940
Other Financing Receipts and (Disbursements):					
Transfer-In	-	75,200	63,273	147,912	286,385
Sale of Assets	-	2,225	-	-	2,225
Other Financing Sources	54,885	-	-	-	54,885
Transfer-Out	(154,781)	(49,593)	-	-	(204,374)
Total Other Financing Receipts/(Disbursements)	<u>(99,896)</u>	<u>27,832</u>	<u>63,273</u>	<u>147,912</u>	<u>139,121</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,206	33,943	-	147,912	202,061
Fund Cash Balances, January 1	<u>53,430</u>	<u>167,312</u>	<u>-</u>	<u>-</u>	<u>220,742</u>
Fund Cash Balances, December 31	<u>\$ 73,636</u>	<u>\$ 201,255</u>	<u>\$ -</u>	<u>\$ 147,912</u>	<u>\$ 422,803</u>
Reserve for Encumbrances, December 31	<u>\$ 43,645</u>	<u>\$ 59,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,559</u>

See notes to financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, DASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 1,131,938	\$ -	\$ 1,131,938
Total Operating Cash Receipts	<u>1,131,938</u>	<u>-</u>	<u>1,131,938</u>
Operating Cash Disbursements:			
Personal Services	393,700	-	393,700
Travel	8	-	8
Contractual Services	253,349	-	253,349
Supplies and Materials	80,273	-	80,273
Miscellaneous	113,356	-	113,356
Capital Outlay	252,438	-	252,438
Total Operating Cash Disbursements	<u>1,093,124</u>	<u>-</u>	<u>1,093,124</u>
Operating Income/(Loss)	38,814	-	38,814
Non-Operating Cash Receipts			
Earnings on Investments	37	-	37
Note Proceeds	54,870	-	54,870
Other Non-Operating Receipts	260,204	14,948	275,152
Total Non-Operating Cash Receipts	<u>315,111</u>	<u>14,948</u>	<u>330,059</u>
Non-Operating Cash Disbursements			
Debt Service			
Principal	116,532	-	116,532
Interest	101,310	-	101,310
Other Non-Operating Cash Disbursements	80,444	14,346	94,790
Total Non-Operating Cash Disbursements	<u>298,286</u>	<u>14,346</u>	<u>312,632</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	55,639	602	56,241
Transfer-In	182,019	-	182,019
Transfer-Out	<u>(264,030)</u>	<u>-</u>	<u>(264,030)</u>
Net Receipts Over/(Under) Disbursements	(26,372)	602	(25,770)
Fund Cash Balances, January 1	<u>560,067</u>	<u>-</u>	<u>560,067</u>
Fund Cash Balances, December 31	<u>\$ 533,695</u>	<u>\$ 602</u>	<u>\$ 534,297</u>
Reserve for Encumbrances, December 31	<u>\$ 147,781</u>	<u>\$ -</u>	<u>\$ 147,781</u>

See notes to financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Crooksville, Perry 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 council. The Village provides water and sewer utilities, park operations, fire services and police services.

The Harrison Township Union Cemetery was established jointly, by the Village of Crooksville and Harrison Township, to manage the Crooksville Cemetery. The Union Cemetery is managed by a three-member Board of Cemetery Trustees appointed jointly by the Crooksville Village Council and Harrison Township Board of Trustees. The latest audited financial report for the Union Cemetery can be obtained by contacting the Harrison Township Union Cemetery Clerk at 11650 Tunnel Hill Road, Crooksville, Ohio 43731

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 and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains and losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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:

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. The Village maintains an Income Tax Fund to account for local income tax monies as described in Note 8. The activities of this fund are included in the General Fund for reporting purposes. Funds derived from the Village's income tax are utilized for the general operations of the Village and are not restricted as to use.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

Special Revenue Fund

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

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

Pool and Park Fund – This fund receives property tax money to maintain the Village’s parks, and charges for services to operate and maintain the Village’s swimming pool.

Debt Service Fund

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

Recreation Center Debt Service Fund – This fund receives transfers from the Municipal income Tax to retire the general obligation bonds issued for the recreation center renovations.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital projects funds:

Ohio Public Works Fund – This fund receives proceeds of general obligation bonds. The proceeds were used to construct a new fire station.

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.

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

Fiduciary Funds (Agency Funds)

Agency Funds are for which the Village is acting in an agency capacity. The Village has the following significant agency funds:

Mayors Court Fund – This agency fund accounts for and reports the financial activity of the Mayor’s Court of the Village.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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 level of control, and appropriations may not exceed estimated resources. The 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand Deposits	\$ 706,277	\$ 704,879
Total Deposits	706,277	704,879
STAR Ohio	173,522	252,221
Total Investments	173,522	252,221
Total Deposits and Investments	\$ 879,799	\$ 957,100

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 724,180	\$ 724,180
Special Revenue	-	851,476	851,476
Debt Service	-	63,202	63,202
Capital Projects	-	76,948	76,948
Enterprise	-	1,386,406	1,386,406
Total	\$ -	\$ 3,102,212	\$ 3,102,212

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,236,980	\$ 747,457	\$ 489,523
Special Revenue	708,532	857,748	(149,216)
Debt Service	64,973	61,989	2,984
Capital Projects	8,000	7,694	306
Enterprise	1,886,232	1,587,053	299,179
Total	\$ 3,948,082	\$ 3,261,941	\$ 686,141

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 778,575	\$ 778,575
Special Revenue	-	563,858	563,858
Debt Service	-	63,273	63,273
Capital Projects	-	147,912	147,912
Enterprise	-	1,629,068	1,629,068
Total	\$ -	\$ 3,182,686	\$ 3,182,686

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,198,480	\$ 802,014	\$ 396,466
Special Revenue	837,339	589,829	247,510
Debt Service	64,973	63,273	1,699
Capital Projects	274,882	-	274,882
Enterprise	1,766,371	1,803,221	(36,850)
Total	\$ 4,142,045	\$ 3,258,337	\$ 883,708

Compliance and Accountability:

Contrary to Ohio law, appropriations exceeded estimated resources during 2005 as follows:

Fund	Est. Resources	Appropriations	Variance
General	\$ 30,270	\$ 1,236,980	\$ (1,206,710)
Street	33,089	208,000	(174,911)
Pool and Park	26,835	127,400	(100,565)
FEMA	-	105,058	(105,058)
Tree Commission	16	500	(484)
Drug Enforcement	2	500	(498)
Fire Levy	32,227	104,000	(71,773)
EMS Levy	56,685	85,000	(28,315)
Fire Levy Debt	-	19,973	(19,973)
Fire Station Debt	-	30,000	(30,000)
Rec Center Debt	-	15,000	(15,000)
Water	7,181	722,000	(714,819)
Sewer	15,678	495,094	(479,416)
OPWC	-	24,000	(24,000)
WW Debt Service	580	110,113	(109,533)
Sewage Debt Service	20,004	69,600	(49,596)
Roseville Debt	-	47,000	(47,000)
Waterline Replacement	-	2,738	(2,738)
Water Plant Backwash	-	15,563	(15,563)
Sayre Reservoir	-	3,343	(3,343)
WW Reserve	10,559	18,000	(7,441)
WW Replacement	17,524	25,000	(7,476)
WW Capital Improvement	19,304	20,000	(696)

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

Compliance and Accountability:

Contrary to Ohio law, appropriations exceeded estimated resources during 2004 as follows:

Fund	Est. Resources	Appropriations	Variance
General	\$ 44,792	\$ 1,198,480	\$ (1,153,688)
Street	17,325	140,000	(122,675)
Pool and Park	30,673	122,500	(91,827)
FEMA	-	252,000	(252,000)
Tree Commission	308	500	(192)
Drug Enforcement	2	500	(498)
Permissive Tax	-	57,200	(57,200)
In-House Arrest	-	1,005	(1,005)
Fire Levy	10,842	107,300	(96,458)
EMS Levy	46,728	85,000	(38,272)
Fire Levy Debt	-	19,973	(19,973)
Fire Station Debt	-	30,000	(30,000)
Rec Center Debt	-	15,000	(15,000)
Capital Projects	-	274,882	(274,882)
Water	78,238	780,000	(701,762)
Sewer	15,391	396,000	(380,609)
OPWC	-	126,157	(126,157)
WW Debt Service	580	110,113	(109,533)
Sewage Debt Service	20,554	77,000	(56,446)
Roseville Debt	-	47,000	(47,000)
Waterline Replacement	-	2,738	(2,738)
Water Plant Backwash	-	15,563	(15,563)
Sayre Reservoir	-	1,672	(1,672)
WW Reserve	6,327	18,000	(11,673)
WW Replacement	4,117	5,000	(883)
WW Capital Improvement	8,576	20,000	(11,424)

Contrary to Ohio law, purchase commitments were made on behalf of the Village without first obtaining the fiscal officer's certificate indicating funds were available for expenditure.

Contrary to Ohio law, expenditures exceeded appropriations during 2005 as follows:

Fund	Appropriation	Budgetary Expenditures	Variance
FEMA	\$ 105,058	\$ 277,056	\$ (171,998)
Fire Levy	104,000	109,001	(5,001)
OPWC	24,000	57,267	(33,267)
Water Contingency	6,000	30,298	(24,298)

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

Compliance and Accountability

Contrary to Ohio law, expenditures exceeded appropriations during 2004 as follows:

Fund	Appropriation	Budgetary Expenditures	Variance
Water	\$ 780,000	\$ 892,230	\$ (112,230)
Sewage Replacement	80,000	107,906	(27,906)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half 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 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, 2003 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 663,230	7.89%
Ohio Water Development Authority Water Loan	45,820	6.03%
Ohio Water Development Auth. Sayre Reservoir	51,469	2.00%
Ohio Public Works Commission Water Loan	5,162	2.00%
Ohio Public Works Commission Water Loan	17,891	0.00%
Ohio Public Works Commission Water Plant	56,764	2.00%
Fire Station Bonds	140,000	4.68%
Mortgage Revenue Bonds	818,000	5.00%
Fire Truck Lease	71,550	5.77%
Recreation Center Bonds	152,000	4.75%
Total	<u>\$ 2,021,886</u>	

The Ohio Water Development Authority (OWDA) loan relates to a water plant expansion project that was mandated by the Ohio Environment Protection Agency. The OWDA has approved up to \$1,181,560 in loans to the Village for the project. The loans will be repaid in semiannual installments of \$55,056 including interest, over 25 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEBT (continued)

The Ohio Water Development Authority (OWDA) water loan relates to a water plant backwash project that was mandated by the Ohio Environment Protection Agency. The OWDA has approved up to \$60,333 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$3,084 including interest, over 15 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) on September 25, 2003 has approved a \$54,870 loan related to the Sayre Reservoir Repair Project. The amount was disbursed in 2004. The loan will be repaid in semiannual installments of \$1,671 including interest, over 20 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission Water Loan had an original issue amount of \$12,174 and relates to a raw water line replacement project. The loan is being repaid in semiannual installments of \$675 including interest, over 10 years, from user fees.

The Ohio Public Works Commission Water Loan had an original issue amount of \$26,505 and relates to a raw water line replacement project. The loan is being repaid in semiannual installments of \$663, over 20 years, from user fees.

The Ohio Public Works Commission Water Plant Loan had an original issue amount of \$84,421 and relates to a raw water plant backwash treatment project. The loan is being repaid in semiannual installments of \$4,678 including interest, over 10 years, from user fees.

Fire Station Bonds were issued in the amount of \$200,000 to finance the construction/renovation of the fire station. The bonds are being repaid in annual installments over 10 years.

Mortgage Revenue Bonds were issued in the amount of \$1,010,000 to finance the construction of a sanitary sewer collection and disposal system. The bonds are being repaid in annual installments over 40 years from user fees.

The Fire Truck Lease relates to the lease-purchase agreement for a Fire Truck entered into with Bank One. The lease will be repaid in annual installments, over 10 years. The total amount financed as part of this lease-purchase agreement is \$244,036, which includes an initial payment of \$95,425 upon entering the agreement.

Recreation Center Bonds were issued in the amount of \$184,000 to finance the renovation of a community center. The bonds are being repaid in annual installments over 20 years.

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

Year Ending December 31	OPWC Loans	OWDA Loans	Mortgage Revenue Bonds	Fire Truck Lease	Fire Station Bonds	Recreation Center Debt
2006	\$ 12,030	\$ 113,472	\$ 58,900	\$ 19,972	\$ 26,552	\$ 14,220
2007	12,030	113,968	59,000	19,972	25,626	14,888
2008	12,030	114,502	59,050	19,972	24,680	14,508
2009	12,030	115,077	59,050	19,972	23,744	14,128
2010	10,681	115,698	59,000	-	22,808	14,748
Thereafter	25,302	511,048	1,128,900	-	42,808	143,494
Total	<u>\$ 84,103</u>	<u>\$ 1,083,765</u>	<u>\$ 1,543,350</u>	<u>\$ 79,888</u>	<u>\$ 166,218</u>	<u>\$ 215,986</u>

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2005 and 2004, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants gross salaries for the periods January 1, 2005 through December 31, 2005 and January 1, 2004 through December 31, 2004. The Village has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan, (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Village also provides health insurance to full-time employees through a private carrier.

8. LOCAL INCOME TAX

The Village levies a municipal income tax of one and a half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

9. CONTINGENT LIABILITIES

Claims and lawsuits are pending against the Village. Based upon information provided by the Village's legal counsel, any potential liability and the effect on the financial statements, if any, is not determinable at this time.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Village of Crooksville
Perry County
22 China Street
Crooksville, Ohio 43731

We have audited the financial statements of the Village of Crooksville as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 16, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 Village of Crooksville'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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted instances 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 of Crooksville's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2005-02 and 2005-04.

A material weakness is a reportable 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 caused by error or fraud 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, reportable conditions 2005-02 described above are considered to be material weaknesses. We also noted other matters involving internal control over financial reporting that we have reported to management in a separate letter dated June 16, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Crooksville'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 that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2005-01 through 2005-03. We also noted certain immaterial instances of noncompliance which we have reported to management of Village of Crooksville in a separate letter dated June 16, 2006.

Report on Internal Control and Compliance
Page 2

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 16, 2006

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-01

Noncompliance Citation

Ohio Revised Code Section 5705.39 limits appropriations to the amounts of estimated resources as certified by the County Budget Commission.

During the years ended December 31, 2005 and 2004, appropriations exceeded estimated resources in the following funds:

Fund	2005		Variance
	Est. Resources	Appropriations	
General	\$ 30,270	\$ 1,236,980	\$ (1,206,710)
Street	33,089	208,000	(174,911)
Pool and Park	26,835	127,400	(100,565)
FEMA	-	105,058	(105,058)
Tree Commission	16	500	(484)
Drug Enforcement	2	500	(498)
Fire Levy	32,227	104,000	(71,773)
EMS Levy	56,685	85,000	(28,315)
Fire Levy Debt	-	19,973	(19,973)
Fire Station Debt	-	30,000	(30,000)
Rec Center Debt	-	15,000	(15,000)
Water	7,181	722,000	(714,819)
Sewer	15,678	495,094	(479,416)
OPWC	-	24,000	(24,000)
WW Debt Service	580	110,113	(109,533)
Sewage Debt Service	20,004	69,600	(49,596)
Roseville Debt	-	47,000	(47,000)
Waterline Replacement	-	2,738	(2,738)
Water Plant Backwash	-	15,563	(15,563)
Sayre Reservoir	-	3,343	(3,343)
WW Reserve	10,559	18,000	(7,441)
WW Replacement	17,524	25,000	(7,476)
WW Capital Improvement	19,304	20,000	(696)

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-01 (Continued)

Fund	2004		Variance
	Est. Resources	Appropriations	
General	\$ 44,792	\$ 1,198,480	\$ (1,153,688)
Street	17,325	140,000	(122,675)
Pool and Park	30,673	122,500	(91,827)
FEMA	-	252,000	(252,000)
Tree Commission	308	500	(192)
Drug Enforcement	2	500	(498)
Permissive Tax	-	57,200	(57,200)
In-House Arrest	-	1,005	(1,005)
Fire Levy	10,842	107,300	(96,458)
EMS Levy	46,728	85,000	(38,272)
Fire Levy Debt	-	19,973	(19,973)
Fire Station Debt	-	30,000	(30,000)
Rec Center Debt	-	15,000	(15,000)
Capital Projects	-	274,882	(274,882)
Water	78,238	780,000	(701,762)
Sewer	15,391	396,000	(380,609)
OPWC	-	126,157	(126,157)
WW Debt Service	580	110,113	(109,533)
Sewage Debt Service	20,554	77,000	(56,446)
Roseville Debt	-	47,000	(47,000)
Waterline Replacement	-	2,738	(2,738)
Water Plant Backwash	-	15,563	(15,563)
Sayre Reservoir	-	1,672	(1,672)
WW Reserve	6,327	18,000	(11,673)
WW Replacement	4,117	5,000	(883)
WW Capital Improvement	8,576	20,000	(11,424)

Prior to the Village Council authorizing the original appropriations or approving any amendments, we recommend the Village Council compare proposed appropriations with the amounts reflected on the (Amended) Certificate of Estimated Resources to ensure that appropriations will not exceed the Village's estimated resources. Since appropriation measures do not become effective until the County Auditor files a certificate that appropriations do not exceed estimated resources, Village management should not order any expenditure of money until the County Auditor issues such certificate. It should be noted that the Village did send requests for certificates of estimated resources from the Perry County Auditor but did not receive any for 2005 and 2004 from them.

Client Response: We will continue to try to acquire certificates from County Auditor and not appropriate more than estimated resources.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

<i>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</i>

Finding Number 2005-02

Noncompliance Citation and Material Weakness

Ohio Revised Code Section 5705.41(D), states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the Village Clerk-Treasurer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates – 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 the fiscal officer is completing the 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.

- B. If the amount involved is less than \$3,000 dollars the Village Clerk may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

The Village's Clerk-Treasurer certification was not obtained either before or after obligations were incurred for 11% of the expenditures tested. As a result, obligations were incurred and expenditures were made when appropriated funds were not available.

We recommend that Village personnel authorized to incur obligations on behalf of the Village obtain the Village Clerk-Treasurer's certification prior to incurring obligations.

Client Response: We have made progress from the prior audit and will continue to strengthen our review and use of Then and Now Certificates.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

Finding Number 2005-03

Noncompliance Citation

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

During the years ended December 31, 2005 and 2004, expenditures exceeded appropriations in the following funds:

2005			
Fund	Appropriation	Budgetary Expenditures	Variance
FEMA	\$ 105,058	\$ 277,056	\$ (171,998)
Fire Levy	104,000	109,001	(5,001)
OPWC	24,000	57,267	(33,267)
Water Contingency	6,000	30,298	(24,298)
2004			
Fund	Appropriation	Budgetary Expenditures	Variance
Water	\$ 780,000	\$ 892,230	\$ (112,230)
Sewage Replacement	80,000	107,906	(27,906)

We recommend the Village ensure that sufficient appropriations exist prior to approving the expenditures of any money. The Village Clerk-Treasurer should refuse to make any expenditure of monies unless sufficient appropriations exist.

Client Response: We will continue to review budgetary information so that expenditures do not exceed appropriations.

FINDING NUMBER 2005-04

Monitoring of Village Activity

Procedures for reviewing and monitoring budgetary activity were not established. As a result, we noted material noncompliance with budgetary laws.

We recommend that management of the Village become more actively involved in establishing controls necessary to prevent noncompliance with budgetary laws. Once budgetary control is established, Village Council should review and monitor activity as reflected on the monthly reports comparing budgeted to actual revenues and expenditures.

Client Response: We will continue to review budgetary information so that noncompliance will be immaterial.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-01	ORC 5705.39 Appropriations shall be limited by estimated resources	No	Not Corrected, repeated in GAGAS letter as Finding 2005-01
2003-02	ORC 5705.41(D) No expenditure of money shall be made unless there is a attached certificate of fiscal officer.	No	Not Corrected, repeated in GAGAS letter as Finding 2005-02
2003-03	ORC 5705.41(B) No money shall be spent unless appropriated	No	Not Corrected, repeated in GAGAS letter as Finding 2005-03
2003-04	Monitoring of Village activity in regards to budgetary controls	No	Not Corrected, repeated in GAGAS letter as Finding 2005-04



**Auditor of State
Betty Montgomery**

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800-282-0370

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VILLAGE OF CROOKSVILLE

PERRY 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
AUGUST 1, 2006**