

**VILLAGE OF CROOKSVILLE  
PERRY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007 - 2006**





# Mary Taylor, CPA

Auditor of State

Members of Council  
Village of Crooksville  
98 South Buckeye Street  
Crooksville, Ohio 43731

We have reviewed the *Independent Accountants' Report* of the Village of Crooksville, Perry County, prepared by Knox & Knox, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 2, 2008

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VILLAGE OF CROOKSVILLE  
PERRY COUNTY

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# KNOX & KNOX

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Accountants and Consultants

## Independent Accountants' Report

Village of Crooksville  
Perry County  
98 South Buckeye St.  
Crooksville, Ohio 43731

To the Village Council:

We have audited the accompanying financial statements of the Village of Crooksville, Perry County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006. 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, if any, 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 its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and 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, 2007 and 2006. In addition to the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements. While the Village does not follow GAAP, generally accepted auditing standards require 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 follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position and cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Village of Crooksville, Perry County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

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 our report dated April 29, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Knox & Knox***

Orrville, Ohio  
April 29, 2008



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, 2007

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>CASH RECEIPTS:</b>					
Property and Other Local Taxes	\$382,761	\$76,610			\$459,371
Intergovernmental Revenue	76,413	818,569			894,982
Charges for Services	3,633	206,130			209,763
Fines, Licenses, and Permits	57,040	1,973			59,013
Earnings on Investments	23,586	21,309			44,895
Other	66,308	6,616		\$11,579	84,503
<b>Total Cash Receipts</b>	<b>609,741</b>	<b>1,131,207</b>		<b>11,579</b>	<b>1,752,527</b>
<b>CASH DISBURSEMENTS:</b>					
<b>Current:</b>					
Security of Persons and Property	272,607	82,711			355,318
Public Health Services		61,662			61,662
Leisure Time Activities		99,612			99,612
Community Environment		635			635
Transportation		207,147			207,147
General Government	342,722	545,346			888,068
Capital Outlay					
Debt Service					
Redemption of Principal			\$127,585		127,585
Interest/Other Fiscal Charges			103,638		103,638
<b>Total Cash Disbursements</b>	<b>615,329</b>	<b>997,113</b>	<b>231,223</b>		<b>1,843,665</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(5,588)</b>	<b>134,094</b>	<b>(231,223)</b>	<b>11,579</b>	<b>(91,138)</b>
<b>OTHER FINANCING RECEIPTS/DISBURSEMENTS</b>					
Sale of Fixed Assets	100	8,727		2,179	11,006
Transfers-In			289,500		289,500
Transfers-Out				(57,680)	(57,680)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>100</b>	<b>8,727</b>	<b>289,500</b>	<b>(55,501)</b>	<b>242,826</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(5,488)</b>	<b>142,821</b>	<b>58,277</b>	<b>(43,922)</b>	<b>151,688</b>
<b>Fund Cash Balances, January 1</b>	<b>101,832</b>	<b>132,576</b>	<b>11,100</b>	<b>158,621</b>	<b>404,129</b>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$96,344</b>	<b>\$275,397</b>	<b>\$69,377</b>	<b>\$114,699</b>	<b>\$555,817</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$39,555</b>	<b>\$14,410</b>			<b>\$53,965</b>

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

VILLAGE OF CROOKSVILLE  
PERRY 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, 2007

	Proprietary Fund Types		Totals
	Enterprise	Agency	(Memorandum Only)
<b>OPERATING CASH RECEIPTS:</b>			
Charges for Services	\$1,168,014		\$1168014
Other		\$57,494	57,494
Total Operating Cash Receipts	1,168,014	57,494	1,225,508
<b>OPERATING CASH DISBURSEMENTS:</b>			
Personal Services	446,265		446,265
Travel	94		94
Contractual Services	337,294		337,294
Supplies and Materials	97,105		97,105
Capital Outlay	52,619		52,619
Other		57,494	57494
Total Operating Cash Disbursements	933,377	57,494	990,871
Operating Income/(Loss)	234,637		234,637
<b>NON-OPERATING CASH RECEIPTS:</b>			
Earnings on Investments	14,420		14,420
Total Non-Operating Cash Receipts	14,420		14,420
<b>NON-OPERATING CASH DISBURSEMENTS:</b>			
Other Non-Operating Disbursements	(15,947)		(15,947)
Total Non-Operating Cash Disbursements	(15,947)		(15,947)
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	233,110		233110
Transfers-Out	231,820		231,820
Net Receipts Over/(Under) Disbursements	1,290		1,290
Fund Cash Balances, January 1	398,893		398,893
FUND CASH BALANCES, DECEMBER 31	\$400,183		400,183
Reserves for Encumbrances, December 31	\$44,576		\$444,759
	\$44,576		\$444,759

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

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, 2006

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>CASH RECEIPTS:</b>					
Property and Other Local Taxes	\$428,965	\$83,215			\$512,180
Intergovernmental Receipts	72,290	655,288			727,578
Charges for Services	6,619	179,433			186,052
Fines, Licenses, and Permits	52,143	150			52,293
Earnings on Investments	11,643	13,582			25,225
Other	58,721	11,849		\$5,642	76,212
	<u>630,381</u>	<u>943,517</u>		<u>5,642</u>	<u>1,579,540</u>
<b>CASH DISBURSEMENTS:</b>					
Current:					
Security of Persons and Property	263,621				263,621
Public Health Services		125,067			125,067
Leisure Time Activities		129,873			129,873
Transportation		239,300			239,300
General Government	346,079	522,932			869,011
Capital Outlay				58,545	58,545
Debt Service					
Redemption of Principal			\$123,112		123,112
Interest/Other Fiscal Charges			113,057		113,057
	<u>609,700</u>	<u>1,017,172</u>	<u>236,169</u>	<u>58,545</u>	<u>1,921,586</u>
Total Cash Disbursements	<u>609,700</u>	<u>1,017,172</u>	<u>236,169</u>	<u>58,545</u>	<u>1,921,586</u>
Total Receipts Over/(Under) Disbursements	<u>20,681</u>	<u>(73,655)</u>	<u>(236,169)</u>	<u>(52,903)</u>	<u>(342,046)</u>
<b>OTHER FINANCING RECEIPTS/DISBURSEMENTS</b>					
Transfers-In			246,056		246,056
Transfers-Out				(5,642)	(5,642)
Sale of Fixed Assets		140			140
		<u>140</u>	<u>246,056</u>	<u>(5,642)</u>	<u>240,554</u>
Total Other Financing Receipts/(Disbursements)		<u>140</u>	<u>246,056</u>	<u>(5,642)</u>	<u>240,554</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,681	(73,515)	9,887	(58,545)	(101,492)
Fund Cash Balances, January 1	<u>81,151</u>	<u>206,091</u>	<u>1,213</u>	<u>217,166</u>	<u>505,621</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$101,832</u>	<u>\$132,576</u>	<u>\$11,100</u>	<u>\$158,621</u>	<u>\$404,129</u>
Reserves for Encumbrances, December 31	<u>\$30,150</u>	<u>\$15,258</u>			<u>\$45,408</u>

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

VILLAGE OF CROOKSVILLE  
PERRY 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, 2006

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
<b>OPERATING CASH RECEIPTS:</b>			
Charges for Services	\$1,124,289		\$1,124,289
Other		\$60,872	60,872
	<u>1,124,289</u>	<u>60,872</u>	<u>1,185,161</u>
<b>OPERATING CASH DISBURSEMENTS:</b>			
Personal Services	423,992		423,992
Travel	93		93
Contractual Services	297,431		297,431
Supplies and Materials	102,196		102,196
Capital Outlay	50,468		50,468
		<u>60,872</u>	<u>60,872</u>
	<u>874,180</u>	<u>60,872</u>	<u>935,052</u>
Operating Income/(Loss)	<u>250,109</u>		<u>250,109</u>
<b>NON-OPERATING CASH RECEIPTS:</b>			
Earnings on Investments	6,820		6,820
Other Non-Operating Receipts	8,200		8,200
	<u>15,020</u>		<u>15,020</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	<u>265,129</u>		<u>265,129</u>
Transfers-Out	<u>(237,346)</u>	<u>(3,068)</u>	<u>(240,414)</u>
Net Receipts Over/(Under) Disbursements	27,783	(3,068)	24,715
Fund Cash Balances, January 1	<u>371,110</u>	<u>3,068</u>	<u>374,178</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u><b>\$398,893</b></u>		<u><b>\$398,893</b></u>
Reserves for Encumbrances, December 31	<u><b>\$41,974</b></u>		<u><b>\$41,974</b></u>

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

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

The Village of Crooksville, Perry County, Ohio, (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, police and fire 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 INVESTMENTS**

Investments are included in fund balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or 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:

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.

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

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

D. **FUND ACCOUNTING** (continued)

1. **General Fund** (continued)

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.

2. **Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village 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.

3. **Debt Service Fund**

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

*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.

4. **Capital Projects Funds**

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

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

5. **Enterprise Funds**

These funds are used to 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:

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

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

D. **FUND ACCOUNTING** (continued)

5. **Enterprise Funds** (continued)

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

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing sewer service.

6. **Fiduciary Funds (Agency Funds)**

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

*Mayor's Court Fund* - This agency fund accounts for and reports the financial activity of the Mayor's Court of the Village.

E. **BUDGETARY PROCESS**

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

1. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the department, division or office level of control, and within each, amounts appropriated for personal services. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

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.

3. **Encumbrances**

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

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

**E. PROPERTY, PLANT AND EQUIPMENT**

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

**F. 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.

**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. The carrying amount of cash and investments at December 31 was as follows:

	2007	2006
Demand deposits	\$854,541	\$617,722
STAR Ohio	101,459	185,300
Totals	\$956,000	\$803,022

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) by the financial institution's public entity deposit pool or (3) collateralized by securities pledged specifically by the financial institution to the Village.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and 2006, follows:

Fund Type	2007 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$534,974	\$ 609,841	\$74,867
Special Revenue	1,057,455	1,139,934	82,479
Debt Service	30,000	289,500	259,500
Capital Projects		13,758	13,758
Enterprise	1,262,995	1,182,434	(80,561)
Total	\$2,885,424	\$3,235,467	\$350,043



VILLAGE OF CROOKSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

3. **BUDGETARY ACTIVITY** (continued)

2007 Budgeted vs Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$714,130	\$654,884	\$59,246
Special Revenue	943,509	1,011,523	(68,014)
Debt Service	319,629	231,223	88,406
Capital Projects	154,421	57,680	96,741
Enterprise	1,555,974	1,181,144	374,830
Total	<u>\$3,687,663</u>	<u>\$3,136,454</u>	<u>\$551,209</u>

2006 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$561,742	\$630,381	\$68,639
Special Revenue	1,034,326	943,657	(90,669)
Debt Service	31,000	246,056	215,056
Capital Projects	190,000	5,642	(184,358)
Enterprise	945,831	1,139,309	193,478
Total	<u>\$2,762,899</u>	<u>\$2,965,045</u>	<u>\$202,146</u>

2006 Budgeted vs Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$767,171	\$639,851	\$127,320
Special Revenue	1,127,235	1,032,430	94,805
Debt Service	64,973	236,169	(171,196)
Capital Projects	298,882	58,545	240,337
Enterprise	1,686,048.0	1,111,526	574,522
Total	<u>\$3,944,309</u>	<u>\$3,078,521</u>	<u>\$865,788</u>

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

3. **BUDGETARY ACTIVITY** (continued)

Compliance and Accountability

Contrary to Ohio law, appropriations exceeded estimated resources during 2007 as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$534,974	\$714,130	(\$179,156)
Income Tax	500,000	522,000	(22,000)
Tree Commission	500	620	(120)
Fire Levy Debt		19,973	(19,973)
Fire Station Debt		30,000	(30,000)
Municipal Debt	15,000	63,000	(48,000)
WW Debt Service		110,113	(110,113)
Sewage Debt Service		60,000	(60,000)
Roseville Debt		39,000	(39,000)
Waterline Replacement		2,675	(2,675)
Water Plant Backwash		15,525	(15,525)
Sayre Reservoir		3,343	(3,343)
WW Reserve		1,000	(1,000)
WW Replacement		5,000	(5,000)
WW Capital Improvement		1,000	(1,000)

Contrary to Ohio law, appropriations exceeded estimated resources during 2006 as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$561,742	\$767,171	(\$205,429)
Street	\$153,919	193,000	(39,081)
Pool and Park	\$104,260	133,400	(29,140)
Income Tax	503,200	522,000	(18,800)
Tree Commission		500	(500)
FEMA		49,958	(49,958)
Fire Levy	59,000	104,000	(45,000)
Fire Levy Debt		19,973	(19,973)
Fire Station Debt		30,000	(30,000)
Rec Center Debt		15,000	(15,000)
Capital Projects	190,000	274,882	(84,882)
Water	565,736	732,000	(166,264)
Sewer	324,482	395,000	(70,518)
OPWC		24,000	(24,000)
WW Debt Service		110,113	(110,113)
Sewage Debt Service		69,600	(69,600)
Roseville Debt		47,000	(47,000)
Waterline Replacement		2,738	(2,738)
Water Plant Backwash		15,563	(15,563)

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

**3. BUDGETARY ACTIVITY** (continued)

Compliance and Accountability (continued)

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Water Plant Backwash		15,563	(15,563)
Sayre Reservoir		3,343	(3,343)
WW Reserve		18,000	(18,000)
WW Replacement		25,000	(25,000)
WW Capital Improvement		20,000	(20,000)

Contrary to Ohio law, expenditures exceeded appropriations during 2007 as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Street	\$130,623	\$197,975	(\$67,352)
Parks & Recreation	100,000	101,826	(1,826)
Income Tax	527,352	550,539	(23,187)
Fire Levy	82,711	84,938	(2,227)
OWDA Sewage Improvement Debt		3,691	(3,691)
Guarantee Deposit	11,000	11,338	(338)
Water Capital Improvement	1,000	7,570	(6,570)

Contrary to Ohio law, expenditures exceeded appropriations during 2006 as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Income Tax	\$526,658	\$528,284	(\$1,626)
Permissive MV License Tax	11,500	\$41,473	(29,973)

**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 for 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 owner, who must file a list of such property to the County by each April 30.

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

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

**5. DEBT**

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority (1537)	\$543,113	7.89%
Ohio Water Development Authority Water Loan (3392)	40,556	3.01%
Ohio Water Development Authority Sayre Reservoir (3957)	47,965	2.00%
Ohio Water Development Authority Loan (4686)	57,548	4.12%
Ohio Public Works Commission Water Loan (CT58B)	2,652	2.00%
Ohio Public Works Commission Water Loan (CT49A)	15,240	0.00%
Ohio Public Works Commission Water Plant (CR49D)	44,309	2.00%
Fire Station Bonds	100,000	4.68%
Mortgage Revenue Bonds	755,000	5.00%
Fire Truck Lease	37,807	5.77%
Recreation Center Bonds	127,000	4.75%
Total	<u>\$1,771,190</u>	

The Ohio Water Development Authority (OWDA) Loan 1537 relates to a water plant expansion project that was mandated by the Ohio Environmental 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.

The Ohio Water Development Authority (OWDA) Water Loan 3392 relates to a water plant backwash project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$60,333 to the Village for this project. The loan will be repaid in semiannual installments of \$3,084 including interest, over 15 years. The loans 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) Loan 3957 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 Water Development Authority (OWDA) Loan 4686 relates to sewer system improvements. The amount was disbursed in 2007. The loan will be repaid in semiannual payments of \$3,691 including interest, over 10 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements

The Ohio Public Works Commission (OPWC) Water Loan CT58B 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 (OPWC) Loan CT49A 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 including interest, over 20 years, from user fees.

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

**5. DEBT** (continued)

The Ohio Public Works Commission (OPWC) Water Plant Loan CR49D 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
2008	\$12,030	\$122,171	\$59,500	\$19,972	\$20,946	\$9,637
2009	12,030	122,770	59,500	19,972	20,946	9,637
2009	12,030	122,770	59,500	19,972	20,946	9,637
2010	10,682	123,416	59,000		20,946	9,637
2011	10,682	124,113	59,000		20,946	9,637
2012	10,682	124,864	59,000		20,946	9,637
Thereafter	8,615	258,298	1,129,450			117,415
Total	<u>\$64,721</u>	<u>\$875,632</u>	<u>\$1,425,450</u>	<u>\$39,944</u>	<u>\$104,730</u>	<u>\$165,600</u>

**6. RETIREMENT SYSTEM**

The Village's full-time law enforcement officer belongs to the Police and Fireman's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). PFDPF and OPERS 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.

Contributions rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, PFDPF participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 9.5% and 9.0% of their gross salaries, respectively. The Village contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

**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 administrative 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 on information provided by the Village's legal council, any potential liability and the effect on the financial statements, if any, is not determinable at this time.

**10. COMMITMENTS**

The Village is obligated for payment to Perry County as the result of charges made by the Village for wastewater collection. The resultant unpaid balance owed by the Village to Perry County is approximately \$12,500 as of December 31, 2007

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# KNOX & KNOX

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Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL  
AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Crooksville  
Perry County  
98 South Buckeye St.  
Crooksville, Ohio 43731

To the Village Council:

We have audited the accompanying financial statements of the Village of Crooksville, Perry County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 29, 2008, 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 the Village's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects 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.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we noted other matters that we reported to the Village's management in a separate letter dated April 29, 2008.



COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village's basic 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, providing an opinion 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 three instances of noncompliance we must report under *Government Auditing Standards* which are reported as Findings 2007-01, 2007-02, and 2007-03.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.

KNOX & KNOX

Orrville, Ohio  
April 29, 2008

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED 2007 AND 2006

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

FINDING NUMBER 2007-01

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, 2007 and 2006 appropriations exceeded estimated resources in the following funds as indicated in Note 3:

Fund	2007		
	Estimated Resources	Appropriations	Variance
General	\$534,974	\$714,130	(179,156)
Income Tax	500,000	522,000	(22,000)
Tree Commission	500	620	(120)
Fire Levy Debt		19,973	(19,973)
Fire Station Debt		30,000	(30,000)
Municipal Debt	15,000	63,000	(48,000)
WW Debt Service		110,113	(110,113)
Sewage Debt Service		60,000	(60,000)
Roseville Debt		39,000	(39,000)
Waterline Replacement		2,675	(2,675)
Water Plant Backwash		15,525	(15,525)
Sayre Reservoir		3,343	(3,343)
WW Reserve		1,000	(1,000)
WW Replacement		5,000	(5,000)
WW Capital Improvement		1,000	(1,000)

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED 2007 AND 2006

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

FINDING NUMBER 2007-01 (continued)

Fund	2006		
	Estimated Resources	Appropriations	Variance
General	\$561,742	\$767,171	(\$205,429)
Street	\$153,919	\$193,000	(39,081)
Pool and Park	\$104,260	\$133,400	(29,140)
Income Tax	503,200	522,000	(18,800)
Tree Commission		500	(500)
FEMA		49,958	(49,958)
Fire Levy	59,000	104,000	(45,000)
Fire Levy Debt		19,973	(19,973)
Fire Station Debt		30,000	(30,000)
Rec Center Debt		15,000	(15,000)
Capital Projects	190,000	274,882	(84,882)
Water	565,736	732,000	(166,264)
Sewer	324,482	395,000	(70,518)
OPWC		24,000	(24,000)
WW Debt Service		110,113	(110,113)
Sewage Debt Service		69,600	(69,600)
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		18,000	(18,000)
WW Replacement		25,000	(25,000)
WW Capital Improvement		20,000	(20,000)

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.

Client Response: None

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED 2007 AND 2006

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

FINDING NUMBER 2007-02

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, 2007 and 2006, expenditures exceeded appropriations in the following funds:

2007			
Fund	Appropriations	Budgetary Expenditures	Variance
Street	\$130,623	\$197,975	(\$67,352)
Parks & Recreation	100,000	101,826	(1,826)
Income Tax	527,352	550,539	(23,187)
Fire Levy	82,711	84,938	(2,227)
OWDA Sewage Improvement		3,691	(3,691)
Guarantee Deposit	11,000	11,338	(338)
Water Capital Improvement	1,000	7,570	(6,570)

2006			
Fund	Estimated Resources	Appropriations	Variance
Income Tax	\$526,658	\$528,284	(\$1,626)
Permissive MV License Tax	11,500	\$41,473	(29,973)

Client Response: None

FINDING NUMBER 2007-03

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: None

VILLAGE OF CROOKSVILLE  
PERRY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED 2007 AND 2006

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken; or Finding No Longer Valid: <b>Explain</b>
2005-01	ORC 5705.39 Appropriations shall be limited by estimated resources.	No	Not Corrected: repeated as finding 2007-01
2005-02	ORC 5705.41 (D) No expenditure of money shall be made unless there is an attached certificate of fiscal officer.	Yes	Finding no longer valid
2005-03	ORC 5705.41 (B) No money shall be spent unless appropriated.	No	Not Corrected: repeated as finding 2007-02
2005-04	Monitoring of Village activity in regards to budgetary controls	No	Not Corrected: repeated as finding 2007-03





**Mary Taylor, CPA**  
Auditor of State

**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  
OCTOBER 14, 2008**