

Village of Coolville  
Athens County  
Regular Audit  
For the Years Ended December 31, 2013 and 2012



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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Coolville, Athens County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2012 through December 31, 2013. 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.

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

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

Dave Yost  
Auditor of State

September 25, 2014

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**Village of Coolville**  
**Athens County**  
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**Independent Auditor's Report**

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

***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Coolville, Athens County, (the Village) as of and for the years ended December 31, 2013 and 2012.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Coolville, Athens County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

August 15, 2014

**Village of Coolville**  
**Athens County**  
*Combined Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2013*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$14,296	\$0	\$0	\$14,296
Licenses, Permits, and Fees	3,946	0	0	3,946
Intergovernmental	33,106	23,776	0	56,882
Special Assessments	0	11,805	0	11,805
Charges for services	6,790	0	0	6,790
Earnings on Investments	54	54	0	108
Miscellaneous	100	0	0	100
<b>Total Cash Receipts</b>	<b>58,292</b>	<b>35,635</b>	<b>0</b>	<b>93,927</b>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	23,292	4,792	0	28,084
Security of Persons and Property	16,269	5,935	0	22,204
Transportation	0	32,420	0	32,420
<b>Total Cash Disbursements</b>	<b>39,561</b>	<b>43,147</b>	<b>0</b>	<b>82,708</b>
<b>Total Cash Receipts Over (Under) Cash Disbursements</b>	<b>18,731</b>	<b>(7,512)</b>	<b>0</b>	<b>11,219</b>
<b>Fund Cash Balances (Deficit), January 1</b>	<b>(7,477)</b>	<b>79,111</b>	<b>26</b>	<b>71,660</b>
<b>Fund Cash Balances (Deficit), December 31</b>				
<b>Restricted:</b>				
Public Safety Street Lighting	0	9,508	0	9,508
Road Maintenance and Improvements	0	63,211	0	63,211
<b>Assigned:</b>				
Police Repair	0	0	26	26
Unassigned	11,254	(1,120)	0	10,134
<b>Fund Cash Balances (Deficit), December 31</b>	<b>\$11,254</b>	<b>\$71,599</b>	<b>\$26</b>	<b>\$82,879</b>

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



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

*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2013*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$192,907	\$0	\$192,907
Total Cash Receipts	192,907	0	192,907
Operating Cash Disbursements:			
Personal Services	26,638	0	26,638
Employee Fringe Benefits	3,814	0	3,814
Contractual Services	26,342	0	26,342
Supplies and Materials	63,944	0	63,944
Total Cash Disbursements	120,738	0	120,738
Operating Income	72,169	0	72,169
Non-Operating Cash Receipts:			
Debt Proceeds	419,418	0	419,418
Intergovernmental	496,663	0	496,663
Other Non-Operating Receipts	0	11,677	11,677
Total Non-Operating Cash Receipts	916,081	11,677	927,758
Non-Operating Cash Disbursements:			
Redemption of Principal	684,380	0	684,380
Capital Outlay	279,137	0	279,137
Other Non-Operating Disbursements	40	1,968	2,008
Total Non-Operating Cash Disbursements	963,557	1,968	965,525
Net Receipts Over Disbursements	24,693	9,709	34,402
Fund Cash Balances, January 1	35,768	307	36,075
Fund Cash Balances, December 31	\$60,461	\$10,016	\$70,477

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

**Village of Coolville**  
**Athens County**  
*Combined Statement of Cash Receipts, Cash Disbursements and*  
*Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2012*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$14,755	\$23,098	\$0	\$37,853
Licenses, Permits, and Fees	17,518	0	0	17,518
Intergovernmental	10,014	26,959	0	36,973
Special Assessments	0	10,257	0	10,257
Charges for Services	4,885	0	0	4,885
Earnings on Investments	105	42	0	147
<b>Total Cash Receipts</b>	<b>47,277</b>	<b>60,356</b>	<b>0</b>	<b>107,633</b>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	22,867	2,899	0	25,766
Security of Persons and Property	19,008	7,000	0	26,008
Transportation	0	39,822	0	39,822
<b>Total Cash Disbursements</b>	<b>41,875</b>	<b>49,721</b>	<b>0</b>	<b>91,596</b>
<b>Total Cash Receipts Over Cash Disbursements</b>	<b>5,402</b>	<b>10,635</b>	<b>0</b>	<b>16,037</b>
<b>Fund Cash Balances (Deficit), January 1</b>	<b>(12,879)</b>	<b>68,476</b>	<b>26</b>	<b>55,623</b>
<b>Fund Cash Balances (Deficit), December 31</b>				
<b>Restricted:</b>				
Public Safety Street Lighting	0	7,634	0	7,634
Road Maintenance and Improvements	0	73,761	0	73,761
<b>Assigned:</b>				
Police Repair	0	0	26	26
Unassigned	(7,477)	(2,284)	0	(9,761)
<b>Fund Cash Balances (Deficit), December 31</b>	<b>(\$7,477)</b>	<b>\$79,111</b>	<b>\$26</b>	<b>\$71,660</b>

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

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

*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2012*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$138,607	\$0	\$138,607
Total Cash Receipts	138,607	0	138,607
<b>Operating Cash Disbursements:</b>			
Personal Services	28,236	0	28,236
Employee Fringe Benefits	4,384	0	4,384
Contractual Services	25,264	0	25,264
Supplies and Materials	72,496	0	72,496
Other	188	0	188
Total Cash Disbursements	130,568	0	130,568
Operating Income	8,039	0	8,039
<b>Non-Operating Cash Receipts:</b>			
Debt Proceeds	43,837	0	43,837
Other Non-Operating Receipts	0	15,435	15,435
Total Non-Operating Cash Receipts	43,837	15,435	59,272
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	30,750	0	30,750
Interest and Other Fiscal Charges	293	0	293
Capital Outlay	43,561	0	43,561
Other Non-Operating Disbursements	0	19,843	19,843
Total Non-Operating Cash Disbursements	74,604	19,843	94,447
Net Receipts (Under) Disbursements	(22,728)	(4,408)	(27,136)
Fund Cash Balances, January 1	58,496	4,715	63,211
Fund Cash Balances, December 31	\$35,768	\$307	\$36,075

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

**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2013 and 2012*

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

**Description of the Entity**

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

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

**Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State of Ohio prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**Cash and Investments**

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

**Fund Accounting**

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

*General Fund*

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

*Special Revenue Funds*

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

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

*Street Levy Fund* – In 2012 and prior, this fund received property tax money for constructing, maintaining and repairing Village streets.

**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2013 and 2012*

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

*Capital Projects Funds*

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

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

*Enterprise Funds*

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

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

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

*Fiduciary Funds*

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

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

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

**Budgetary Process**

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

*Appropriations*

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

*Estimated Resources*

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

**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2013 and 2012*

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

*Encumbrances*

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

A summary of the 2013 and 2012 budgetary activity appears in Note 3.

**Fund Balances**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

*Restricted* – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

*Committed* – Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

*Unassigned* - Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2013 and 2012

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

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

	2013	2012
Demand Deposits	\$128,356	\$82,735
Certificates of deposit	25,000	25,000
Total deposits	\$153,356	\$107,735

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

**Note 3 – Budgetary Activity**

Budgetary activity, except for agency funds, for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$95,930	\$58,292	\$(37,638)
Special Revenue	70,250	35,635	(34,615)
Capital Projects	800	0	(800)
Enterprise	1,300,681	1,108,988	(191,693)
Total	\$1,467,661	\$1,202,915	\$(264,746)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$99,840	\$39,561	\$60,279
Special Revenue	145,429	43,147	102,282
Capital Projects	826	0	826
Enterprise	1,343,036	1,084,295	258,741
Total	\$1,589,131	\$1,167,003	\$422,128

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,455	\$47,277	\$(23,178)
Special Revenue	66,250	60,356	(5,894)
Capital Projects	800	0	(800)
Enterprise	222,437	182,444	(39,993)
Total	\$359,942	\$290,077	\$(69,865)

**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2013 and 2012*

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

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,217	\$41,875	\$30,342
Special Revenue	122,069	49,721	72,348
Capital Project	826	0	826
Enterprise	251,953	205,172	46,781
Total	\$447,065	\$296,768	\$150,297

**Note 4 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts.

Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Note 5 – Debt**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #6582	\$229,824	5.89%

The Ohio Water Development Authority (OWDA) loan relates to funding to install a sewer system in the Village. A sewer surcharge has been assessed to Village residents to repay this loan. Since this project has not been completed, an amortization schedule is not yet available for this loan. The above balance includes \$44,934 in capitalized interest, which is not presented as debt proceeds in the accompanying financial statements.

**Note 6 - Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries, with the Village contributing an amount equal to 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2013.



**Village of Coolville**  
**Athens County**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2013 and 2012*

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**Note 7 – Risk Management**

The Village has obtained commercial insurance for the following risks:

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

**Note 8 - Outstanding Advances**

Unpaid, interfund cash advances at December 31, 2013 were as follows:

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

**Note 9 – Compliance**

- The Village had appropriations in excess of estimated resources contrary to Ohio Revised Code Section 5705.39.
- The Village did not always certify the availability of funds contrary to Ohio Revised Code Section 5705.41(D).
- The Village did not maintain a complete docket contrary to Ohio Revised Code Section 1905.21, nor were monthly reports or fine monies properly submitted to the Village contrary to Ohio Revised Code Section 733.40.
- The Village did not transmit money collected by the Mayor’s court timely contrary to Ohio Revised Code Section 2949.091.
- The Village had appropriations in excess of available resources contrary to Ohio Revised Code Section 5705.36.
- The Village had negative fund balances contrary to Ohio Revised Code Section 5705.10.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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

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

We have audited 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, the financial statements of the Village of Coolville, Athens County (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated August 15, 2014, wherein we noted the Village followed the accounting basis the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2013-001, 2013-006 and 2013-009 to be material weaknesses.

Village of Coolville  
Athens County

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

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2013-002 through 2013-005, 2013-007 and 2013-008.

### **Village's Responses to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

August 15, 2014

**Village of Coolville**  
**Athens County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2013 and 2012*

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

**FINDING NUMBER 2013-001**

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

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village's financial statements. The Village misstated and misclassified various receipts and disbursements by line items, and in certain instances, by fund, that were corrected in the accompanying financial statements. Additionally, the Village did not properly record certain intergovernmental revenue and debt activity related to the sewer project. The Village should implement additional monitoring procedures to ensure receipts and disbursements are properly recorded.

***Client Response:***

Client chose not to respond.

**FINDING NUMBER 2013-002**

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

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation. For 2013 and 2012, instances were identified where appropriations exceeded available resources. The Village should implement budgetary monitoring procedures to ensure that overspending does not occur by amending the budget where appropriate.

***Client Response:***

Client chose not to respond.

**FINDING NUMBER 2013-003**

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

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. The Village incurred instances in 2012 and 2013 where appropriations exceeded estimated resources. The Village should implement budgetary monitoring procedures to ensure that overspending does not occur by amending the budget where appropriate.

***Client Response:***

The Village did not outspend its actual income.

**Village of Coolville**  
**Athens County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2013 and 2012*

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**FINDING NUMBER 2013-004**

**Noncompliance – Proper Encumbrance of Funds**

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

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – The fiscal officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Several instances were identified in 2012 and 2013 where disbursements tested had invoice dates preceding the encumbrance dates. Failure to certify the availability of funds properly can result in overspending or disbursements for improper or unauthorized purposes.

***Client Response:***

Client chose not to respond.

**Village of Coolville**  
**Athens County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2013 and 2012*

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**FINDING NUMBER 2013-005**

**Noncompliance – Negative Fund Balance**

Ohio Revised Code Section 5705.10 requires that money paid into a fund must be used only for the purposes for which such fund has been established. The Village's General fund and State Highway fund had negative fund balances at December 31, 2012 and the State Highway fund had a negative fund balance in 2013. The Village should implement the appropriate procedures to ensure that money paid into a fund is used only for the purposes for which the fund has been established.

***Client Response:***

Client chose not to respond.

**FINDING NUMBER 2013-006**

**Material Weakness – Budgetary Information Within the UAN**

Accurate budgetary information within the Village's accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes. Budgetary items were entered into the accounting system that could not be identified as approved within the minutes. The Village should implement the appropriate procedures, such as ensuring minutes include accurate information on budgetary amendments and reconciling budgetary information within the accounting system to formally approved budgets, to ensure that budgetary information is presented accurately and completely.

***Client Response:***

Will discuss with council ways to document this.

**FINDING NUMBER 2013-007**

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

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

***Client Response:***

Will try to maintain a better docket, cashbook, and cash files.

**Village of Coolville**  
**Athens County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2013 and 2012*

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**FINDING NUMBER 2013-008**

**Noncompliance – Mayor’s Court**

Ohio Revised Code Section 2949.091 states in part that all money collected during a month and owed to the state shall be transmitted on or before the twentieth day of the following month by the clerk of courts to the treasurer of the state. The Mayor’s Court Clerk did not transmit money timely to the treasurer of the state for most of 2012 and 2013. The Village’s Mayor’s Court should implement the appropriate procedures to ensure that the Mayor’s Court Clerk accurately, completely, and timely transmits to the state on or before the twentieth day of the month all money collected during the previous month.

***Client Response:***

Will stay on top of this better.

**FINDING NUMBER 2013-009**

**Material Weakness – Bank Reconciliations**

When designing the Village’s system of internal control and the specific control activities, management should consider verifying the existence and valuation of assets and periodically reconciling them to the accounting records. The Village did not perform bank reconciliations for the mayor’s court, water and sewer accounts for 2012 and 2013. Furthermore, there was no separate review function for the reconciliations performed for the general account for either year. The Fiscal Officer reconciled the book balance to the bank balance each month; however, these reconciliations were not accurate. Adjustments were recorded in the accompanying financial statements to correct such errors, if deemed material, or were brought to management’s attention as unrecorded differences, if deemed immaterial. Failure to reconcile or to have a review process in place subjects the Village to the risk of undetected errors or fraudulent activity potentially resulting in the misappropriation of assets or misstated financial statements. The Village should implement the appropriate procedures to ensure that reconciliations are performed for all accounts and that reconciliations are reviewed for accuracy.

***Client Response:***

Monthly statements are checked for inaccurate problems.

**Village of Coolville**  
**Athens County**  
*Schedule of Prior Audit Findings*  
For the Years Ended December 31, 2013 and 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material Weakness – Misstatements and misclassifications in financial statements	No	Reissued as Finding 2013-001
2011-002	Significant Deficiency – Payroll Items	No	Reissued in the management letter
2011-003	ORC 5705.36(A)(2)&(4) – Appropriation in excess of available resources	No	Reissued as Finding 2013-002
2011-004	ORC 5705.10 – Negative Fund Balance	No	Reissued as Finding 2013-005
2011-005	ORC 5705.38(A) – Annual Appropriation Measure	No	Reissued in management letter
2011-006	ORC 5705.39 – Appropriations in excess of Estimated Resources	No	Reissued as Finding 2013-003
2011-007	ORC 5705.41(B) – Expenditures in excess of appropriations	Yes	
2011-008	Material Weakness - Budgetary information within the UAN	No	Reissued as Finding 2013-006
2011-009	ORC 5705.41(D) – Proper encumbrance of funds	No	Reissued as Finding 2013-004
2011-010	ORC 1905.21 and 733.40 – Mayor’s court docket and fines	No	Reissued as Finding 2013-007
2011-011	ORC 2949.091 – Mayor’s Court	No	Reissued as Finding 2013-008
2011-012	Material Weakness – Bank Reconciliation	No	Reissued as Finding 2013-009





# Dave Yost • Auditor of State

**VILLAGE OF COOLVILLE**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 7, 2014**