



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF COOLVILLE
ATHENS COUNTY
DECEMBER 31, 2017 AND 2016**

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OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Coolville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis 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, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

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

Fines, licenses and permit receipts are reported at \$8,463 and \$1,704 for the years ended December 31, 2017 and 2016, respectively, which is 100% of Fiduciary Fund receipts for the years ended December 31, 2017 and 2016. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as other non-operating receipts.

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

Because of the significance of other non-operating receipts to the Fiduciary Fund Type, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Fiduciary Fund Type of the Village of Coolville, Athens County, Ohio, for the years ended December 31, 2017 and 2016.

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

Fines, licenses and permits are reported at \$8,250 and \$23,597 for the years ended December 31, 2017 and 2016, respectively, which is 18 percent and 11 percent of total General Fund operating receipts for the years ended December 31, 2017 and 2016, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as fines, licenses and permits. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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

Also, in our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient competent evidential matter to support the 2017 and 2016 fines, licenses and permits receipts in the General Fund, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the General Fund, of the Village of Coolville, Athens County, Ohio, as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit, described in Note 2.

Unmodified Opinions

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Special Revenue Funds, Capital Projects Fund and Enterprise Funds, of the Village of Coolville, Athens County, Ohio, as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the 2016 financial statements, Village Council restated the January 1, 2016 fund balance in the General Fund and the State Highway, Permissive Motor Vehicle License Tax and Street Levy Special Revenue Funds as a result of a management decision to post immaterial errors identified in the audit of the 2015 financial statements. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2019, 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.



Keith Faber
Auditor of State
Columbus, Ohio

May 9, 2019

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Village of Coolville
Athens County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$16,904	\$0	\$0	\$16,904
Intergovernmental	14,106	20,608	0	34,714
Special Assessments	0	9,272	0	9,272
Charges for Services	10,210	0	0	10,210
Fines, Licenses and Permits	10,055	0	0	10,055
Earnings on Investments	235	152	0	387
Miscellaneous	4,046	3,346	0	7,392
<i>Total Cash Receipts</i>	<u>55,556</u>	<u>33,378</u>	<u>0</u>	<u>88,934</u>
Cash Disbursements				
Current:				
Security of Persons and Property	30,133	0	0	30,133
Basic Utility Services	0	10,718	0	10,718
Transportation	0	37,147	0	37,147
General Government	23,862	270	0	24,132
Capital Outlay	2,034	0	0	2,034
<i>Total Cash Disbursements</i>	<u>56,029</u>	<u>48,135</u>	<u>0</u>	<u>104,164</u>
<i>Net Change in Fund Cash Balances</i>	<u>(473)</u>	<u>(14,757)</u>	<u>0</u>	<u>(15,230)</u>
<i>Fund Cash Balances, January 1</i>	<u>707</u>	<u>28,491</u>	<u>26</u>	<u>29,224</u>
Fund Cash Balances, December 31				
Restricted	0	13,734	0	13,734
Assigned	234	0	26	260
<i>Fund Cash Balances, December 31</i>	<u>\$234</u>	<u>\$13,734</u>	<u>\$26</u>	<u>\$13,994</u>

See accompanying notes to the basic financial statements.

Village of Coolville
Athens County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$241,315	\$0	\$241,315
Fines, Licenses and Permits	0	8,463	8,463
Miscellaneous	190	0	190
<i>Total Operating Cash Receipts</i>	<u>241,505</u>	<u>8,463</u>	<u>249,968</u>
Operating Cash Disbursements			
Personal Services	27,108	0	27,108
Employee Fringe Benefits	1,228	0	1,228
Contractual Services	43,070	0	43,070
Supplies and Materials	98,546	0	98,546
Other	0	7,381	7,381
<i>Total Operating Cash Disbursements</i>	<u>169,952</u>	<u>7,381</u>	<u>177,333</u>
<i>Operating Income</i>	<u>71,553</u>	<u>1,082</u>	<u>72,635</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	4,880	0	4,880
Capital Outlay	(90)	0	(90)
Principal Retirement	(169,622)	0	(169,622)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(164,832)</u>	<u>0</u>	<u>(164,832)</u>
<i>Net Change in Fund Cash Balances</i>	(93,279)	1,082	(92,197)
<i>Fund Cash Balances, January 1</i>	<u>207,064</u>	<u>454</u>	<u>207,518</u>
<i>Fund Cash Balances, December 31</i>	<u>\$113,785</u>	<u>\$1,536</u>	<u>\$115,321</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - Reporting Entity

The Village of Coolville, Athens County (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, street construction, repair, and maintenance, street lighting, and police services. The Village is covered by Coolville Volunteer Fire Department for fire protection services.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair Fund This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

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

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:

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

Water Operating Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Surcharge Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose 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's agency fund accounts for Mayor's Court.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

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 Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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 YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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 amends 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 Village 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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,375	\$55,556	(\$51,819)
Special Revenue	48,600	33,378	(15,222)
Capital Projects	500	0	(500)
Enterprise	365,500	246,385	(119,115)
Total	\$521,975	\$335,319	(\$186,656)

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 3 - Budgetary Activity (Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,368	\$56,029	\$62,339
Special Revenue	77,515	48,135	29,380
Capital Projects	526	0	526
Enterprise	560,620	339,664	220,956
Total	\$757,029	\$443,828	\$313,201

Note 4 – Deposits

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

	2017
Demand deposits	\$102,834
Certificates of deposit	26,481
Total deposits	\$129,315

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Property Taxes

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

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

Note 6 – Outstanding Interfund Balances/Advances

Unpaid, interfund cash advances at December 31, 2017 were as follows:

Fund	Receivable	Payable
General Fund	\$6,000	\$0
Street Lighting	0	1,000
Street Levy	1,000	0
Water Operating	0	6,000
	\$7,000	\$7,000

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 7 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Note 10 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	<u>\$3,007,353</u>	0%

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 10 – Debt (Continued)

The Ohio Water Development Authority (OWDA) Loan relates to the installation of a sewer plant mandated by the Ohio Environmental Protection Agency. The OWDA approved up to \$6,106,675 in interest-free loans to the Village for this project. The Village will repay the loan in semi-annual installments over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year Ending December 31:	<u>OWDA Loan</u>
2018	\$84,811
2019	169,621
2020	169,621
2021	169,621
2022	169,621
2023-2027	848,107
2028-2032	848,106
2033-2036	547,845
Total	<u><u>\$3,007,353</u></u>

Note 11 – 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.

Village of Coolville
Athens County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis,
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$17,971	\$42	\$0	\$18,013
Intergovernmental	15,650	22,223	0	37,873
Special Assessments	0	9,466	0	9,466
Charges for Services	10,200	0	0	10,200
Fines, Licenses and Permits	5,349	0	0	5,349
Earnings on Investments	250	184	0	434
Miscellaneous	350	111	0	461
<i>Total Cash Receipts</i>	<u>49,770</u>	<u>32,026</u>	<u>0</u>	<u>81,796</u>
Cash Disbursements				
Current:				
Security of Persons and Property	25,192	0	0	25,192
Basic Utility Services	0	10,332	0	10,332
Transportation	0	41,045	0	41,045
General Government	33,660	138	0	33,798
Capital Outlay	474	0	0	474
<i>Total Cash Disbursements</i>	<u>59,326</u>	<u>51,515</u>	<u>0</u>	<u>110,841</u>
<i>Net Change in Fund Cash Balances</i>	<u>(9,556)</u>	<u>(19,489)</u>	<u>0</u>	<u>(29,045)</u>
<i>Fund Cash Balances, January 1- Restated</i>	<u>10,263</u>	<u>47,980</u>	<u>26</u>	<u>58,269</u>
Fund Cash Balances, December 31				
Restricted	0	28,867	0	28,867
Assigned	707	0	26	733
Unassigned (Deficit)	0	(376)	0	(376)
<i>Fund Cash Balances, December 31</i>	<u>\$707</u>	<u>\$28,491</u>	<u>\$26</u>	<u>\$29,224</u>

See accompanying notes to the basic financial statements.

Village of Coolville
Athens County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$235,968	\$0	\$235,968
Fines, Licenses and Permits	0	1,704	1,704
Miscellaneous	69	0	69
<i>Total Operating Cash Receipts</i>	<u>236,037</u>	<u>1,704</u>	<u>237,741</u>
Operating Cash Disbursements			
Personal Services	25,235	0	25,235
Employee Fringe Benefits	1,426	0	1,426
Contractual Services	123,293	0	123,293
Supplies and Materials	81,200	0	81,200
Other	0	1,540	1,540
<i>Total Operating Cash Disbursements</i>	<u>231,154</u>	<u>1,540</u>	<u>232,694</u>
<i>Operating Income</i>	<u>4,883</u>	<u>164</u>	<u>5,047</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	11,875	0	11,875
Special Assessments	64,049	0	64,049
Other Debt Proceeds	499,523	0	499,523
Capital Outlay	(425,779)	0	(425,779)
Principal Retirement	(169,621)	0	(169,621)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(19,953)</u>	<u>0</u>	<u>(19,953)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(15,070)</u>	<u>164</u>	<u>(14,906)</u>
<i>Fund Cash Balances, January 1</i>	<u>222,134</u>	<u>290</u>	<u>222,424</u>
<i>Fund Cash Balances, December 31</i>	<u>\$207,064</u>	<u>\$454</u>	<u>\$207,518</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1 - Reporting Entity

The Village of Coolville, Athens County (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, street construction, repair, and maintenance, street lighting, and police services. The Village is covered by Coolville Volunteer Fire Department for fire protection services.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction Maintenance and Repair Fund This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

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

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:

VILLAGE OF COOLVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Water Operating Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Surcharge Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose 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's agency fund accounts for Mayor's Court.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D) permit.

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 Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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 YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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 amends 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 Village 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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,175	\$49,770	(\$56,405)
Special Revenue	48,100	32,026	(16,074)
Capital Projects	800	0	(800)
Enterprise	814,800	811,484	(3,316)
Total	\$969,875	\$893,280	(\$76,595)

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 3 - Budgetary Activity (Continued)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,874	\$59,326	\$71,548
Special Revenue	90,145	51,515	38,630
Capital Projects	867	0	867
Enterprise	1,043,986	826,554	217,432
Total	\$1,265,872	\$937,395	\$328,477

Note 4 – Deposits

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

Demand deposits	2016 \$210,344
Certificates of deposit	26,398
Total deposits	\$236,742

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Property Taxes

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

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

Note 6 – Outstanding Interfund Balances/Advances

Unpaid, interfund cash advances at December 31, 2016 were as follows:

Fund	Receivable	Payable
General Fund	\$6,000	\$0
Street Lighting	0	1,000
Street Levy	1,000	0
Water Operating	0	6,000
	\$7,000	\$7,000

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 7 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Social Security

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Note 9 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

Note 10 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	<u>\$3,176,974</u>	0%

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 10 – Debt (Continued)

The Ohio Water Development Authority (OWDA) Loan relates to the installation of a sewer plant mandated by the Ohio Environmental Protection Agency. The OWDA approved up to \$6,106,675 in interest-free loans to the Village for this project. The Village will repay the loan in semi-annual installments over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year Ending December 31:	OWDA Loan
2017	\$84,811
2018	169,621
2019	169,621
2020	169,621
2021	169,621
2022-2026	848,107
2027-2031	848,106
2032-2036	717,466
Total	<u>\$3,176,974</u>

Note 11 – 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.

Note 12 – Restatement of Beginning Balances

The Village posted immaterial prior period adjustments to the 2016 financial statement balances increasing the General Fund, State Highway, and Permissive Motor Vehicle License Tax Funds \$1,332, \$690, and \$341, respectively, and decreasing the Street Levy Fund \$1,031. The State Highway Fund, Permissive Motor Vehicle License Tax Fund, and Street Levy Fund are reported within the Special Revenue Fund type with adjustments netting to zero. As a result, the January 1, 2016 balance was restated as follows:

Fund Type	Balance	Amount	Balance
General Fund	\$8,931	\$1,332	\$10,263
State Highway	(3,328)	690	(2,638)
Permissive Motor Vehicle Licence Tax	4,594	341	4,935
Street Levy	31,231	(1,031)	30,200

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Coolville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated May 9, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We did not express an opinion on the Fiduciary Fund Type. We also qualified our opinion on fines, licenses and permits receipts in the General Fund. We also noted the Village restated the January 1, 2015 fund balance in the General Fund and the State Highway, Permissive Motor Vehicle License Tax and Street Levy Special Revenue Funds.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. We consider Findings 2017-006 and 2017-009 through 2017-012 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2017-007 and 2017-013 described in the accompanying Schedule of Findings to be significant deficiencies.

53 Johnson Road, The Plains, Ohio 45780-1231
Phone: 740-594-3300 or 800-441-1389
www.ohioauditor.gov

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, described in the accompanying Schedule of Findings as items 2017-001 through 2017-010 and 2017-012.

Village's Response to Findings

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 9, 2019

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Finding for Recovery –Repaid Under Audit

Ohio Rev. Code § 117.28 requires the Auditor of State to issue a finding for recovery when an audit report sets forth that any public money collected has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated.

As the Mayors Court Clerk, Teresa Holsinger was responsible for collecting and depositing revenue collected for fines, forfeitures, and miscellaneous fees. Documents maintained by the Village indicate monies received by or turned over to Ms. Holsinger did not agree to amounts deposited into the Mayors Court account. For the period examined, there was a shortage of \$2,013 between amounts collected and deposited. During the audit, Ms. Holsinger returned \$464 cash to the Village, identified as Mayors Court fees which had been received but not deposited. The cash had been collected between April and June 2017.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public monies collected but not accounted for is hereby issued in the amount of \$2,013 against Teresa Holsinger in favor of the Village of Coolville's Mayor's Court Fund.

On November 1, 2017, Ms. Holsinger returned \$464 cash to the Village, identified as Mayors Court fees which had been received but not deposited. In addition, on April 8, 2019, Ms. Holsinger made restitution of \$1,549 to the Village. The Village deposited the payment on April 8, 2019, into the Mayor's Court fund.

FINDING NUMBER 2017-002

Noncompliance - Debit Cards

Ohio Rev. Code § 705.20 provides, in part, that no warrant for the payment of any claim shall be issued until such claim is approved by the executive power for which the indebtedness was incurred. Whenever any claim is presented, the Fiscal Officer may require evidence that the amount claimed is justly due and is in conformity to law and ordinance.

Most governmental entities have the authority to provide credit cards and purchasing cards for use by authorized employees. The use of these items should be specified in a policy the Village Council adopts. This policy should, at a minimum, identify authorized users, guidelines for allowable use/ purchases, method of reimbursement (if personal use is allowed), specific unallowable uses, reporting, monitoring of use by appropriate levels of management, and other guidelines the Village Council deems appropriate.

The Village possessed two debit cards (one held by the Street and Water Maintenance Department and one held by the Police Department) tied to the Village's main checking account and a credit card to Staples during 2017 and 2016. The Village Council approved no credit/debit card policy to govern the use of these items. The Fiscal Officer informally monitored the transactions without documenting this review. Debit cards were responsible for \$7,280 and \$1,403 in expenditure transactions in 2017 and 2016, respectively. The Fiscal Officer maintained payment vouchers printed from the Uniform Accounting Network (UAN), but neither the Fiscal Officer, Council Members, nor Mayor signed them indicating approval. The Village Council maintained no listing of who held the debit cards. Further, the Village maintained no supporting invoices for \$2,993 and \$665 in 2017 and 2016, respectively, of these expenditures.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-002 (Continued)

Noncompliance - Debit Cards, Ohio Rev. Code § 705.20 (Continued)

However, subsequent to being made aware of these unsupported amounts as part of audit procedures, the Village was able to work with some of the related vendors to provide support for a portion of the disbursements and allow for the determination a of proper public purpose. The remaining unsupported transactions totaled \$446 in 2017 with no unsupported amounts remaining in 2016.

Failure to have formally documented controls and documented approval over transactions as well a Village Council approved policy governing use can lead to unallowable expenditures. Further, the Ohio Revised Code does not specifically allow for the use of a debit card as this provides an unnecessary risk and unauthorized access to the finances of the Village.

The Village should terminate its debit cards and replace with a more limited purchasing or credit card. Further, the Village Council should approve a formal policy covering its purchasing/credit cards identifying, at a minimum, authorized users, guidelines for allowable use/ purchases, method of reimbursement (if personal use is allowed), specific unallowable uses, reporting, monitoring of use by appropriate levels of management, and other guidelines the Village Council deems appropriate. The Village Fiscal Officer should maintain support for all transactions and document approvals for online purchases through signature on the payment voucher by the Fiscal Officer and Mayor.

Officials' Response: The Fiscal Officer will attempt, again, to get Council to adopt a policy.

FINDING NUMBER 2017-003

Noncompliance

Ohio Rev. Code § 9.38 provides public money must be deposited by a public official other than a state officer, employee, or agency, with the treasurer of public office or to a designated depository on the business day following the day of receipt if the total amount received exceeds one thousand dollars. Public money collected for other public officials must be deposited by the first business day following the date of receipt. If the amount of daily receipts does not exceed one thousand dollars and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by legislative authority (i.e., counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period.

Mayor's Court receipts relating to fines and fees were not deposited in a timely manner for 44 percent of the 2017 receipts and 45 percent of the 2016 receipts. No policy was in place to extend the hold time beyond the business day following the day of receipt and no method to safeguard the deposits held until deposit existed, resulting in an increased the risk of loss or theft of cash.

Council should develop and implement policies safeguarding cash until deposited.

Officials' Response: Deposits are being done in a timely manner now.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-004

Noncompliance

Ohio Rev. Code § 733.40 provides that all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor, that in any manner come into the mayor's hands, or that are due to the mayor, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation 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 who and for what purposes received, and when paid into the treasury.

During 2017 and 2016, the Mayor did not remit monies collected to the Village by the first Monday of each month. Further, a full statement of all money received, the payer and for what purposes received, and when paid into the treasury was not provided monthly.

The Mayor should distribute fines collected by Mayor's Court to the Village's General Fund by the first Monday of the following month and provide the required reports at that time.

Officials' Response: The Mayor will look into procedures.

FINDING NUMBER 2017-005

Noncompliance

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

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

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

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

Officials' Response: The Council will discuss this with the Solicitor and determine which is appropriate to establish.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-006

Noncompliance and Material Weakness

Ohio Rev. Code § 1905.21 provides that the mayor of a municipal corporation and a mayor's court magistrate shall keep a docket. The mayor or mayor's court magistrate shall account for and dispose of all such fines, forfeitures, fees and costs collected.

Further, Ohio Admin. Code § 117-2-02 provides that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code. The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements including "completeness"- the assertion that all transactions and events that should have been recorded have been recorded.

- The Village Mayor's Court Clerk did not maintain a docket for 2016 or 2017.
- No employee or official at the Village monitored pre-numbered tickets such that a reconciliation of tickets issued to tickets recorded or voided was completed. The Village could not account for at least 79 tickets during the audit period
- Court receipts recorded in the Mayor's Court accounting system did not reconcile to the bank statements or duplicate receipts.
- The Mayor's Court account directly disbursed \$57 to order checks.
- Pre-numbered duplicate receipts were issued for certain receipts but not consistently.
- The Village Mayor's Court Clerk did not maintain a cashbook for five months in 2017. This resulted in an inability to determine proper allocations of all receipts.
- Mayor's Court deposits made to the bank were not reviewed and reconciled to ensure all money received was deposited.

The lack of documentation and sufficient controls could result in a misappropriation of funds without timely detection. Further, we were unable to satisfy ourselves as to the completeness of Fines, Licenses and Permits receipts recorded in the General Fund in 2017 and 2016 and Fines, Licenses and Permits in the Fiduciary Fund Type in 2017 and 2016. We have modified the opinion in the Independent Auditor's Report accordingly. These receipts represent 18 percent and 11 percent of receipts of the General Fund for the years ended December 31, 2017 and 2016, respectively and 100 percent of receipts of the Fiduciary Fund Type for the years ended December 31, 2017 and 2016.

The Mayor should ensure a complete docket is maintained for all cases handled by the court and that the Mayor's Court accounting system includes all transactions so that case files are accurately updated. Proper control should be maintained over issued and unissued tickets by the Police Chief or Mayor by ensuring:

- Unissued ticket books are stored in a secure location.
- Tickets are issued in sequential order.
- All tickets are accounted for before the next book is issued.
- Any discrepancies are investigated promptly.
- A periodic (perhaps yearly) inventory is taken to determine the status of the issued tickets.
- All parts of a voided ticket are retained and stored in sequence with the other tickets.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-006 (Continued)

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

The Mayors Court Clerk should maintain a Cashbook to show for the allocation of funds collected between State, Village, and other portions to allow for proper distribution. Disbursements from Mayor's Court accounts should relate only to the disbursement of these allocations of fines. As a matter of internal control, different individuals should be responsible for collection, deposit, recording and review of cash collection. When duties cannot be segregated, it is vital for management to provide substantive oversight to ensure the appropriateness of all transactions. Further, all activity should be reconciled to the bank statements monthly to serve as an integral control point and demonstrate timely remittance.

Officials' Response: The Mayor's Court Clerk will start maintaining a cashbook.

FINDING NUMBER 2017-007

Noncompliance and Significant Deficiency

Ohio Rev. Code §§ 2743.70 and 2949.091 require the court in which any person is convicted of or pleads guilty to any offense other than a traffic offense which is not a moving violation to impose and collect additional fines to be used for the state's reparations fund. The court may not waive the payment of this additional cost unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

Further, the Village Council approved a fine/fee schedule which was filed with the Athens County Municipal Court in December 2000.

The Mayor's Court clerk did not properly maintain a cashbook for the entire audit period or any other documentation which would show the proper allocation of fines/fees collected. Therefore, we were unable to determine the proper allocation of 9 percent of receipts posted in 2016. Rates charged did not agree to the formally approved fine schedule for 11 percent of the receipts tested in 2017, and resulted in a projected variance of \$318 overcharged by the Village.

The Mayor's Court Clerk should maintain a cashbook and document allocation or receipts. Additionally, the Clerk should assure rates are charged in accordance the approved fine/fee schedule.

Officials' Response: The Mayor's Court Clerk and Solicitor will establish a policy around this.

FINDING NUMBER 2017-008

Noncompliance

Ohio Rev. Code § 2949.091 requires the court, in which any person is convicted of or pleads guilty to any offense, to impose on the following sums as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender:

**VILLAGE OF COOLVILLE
ATHENS COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-008 (Continued)

Noncompliance - Ohio Rev. Code § 2949.091 (Continued)

- Thirty dollars if the offense is a felony;
- Twenty dollars if the offense is a misdemeanor other than a traffic offense that is not a moving violation; or
- Ten dollars if the offense is a traffic offense that is not a moving violation, excluding parking violations.

All such moneys collected during the month shall be transmitted on or before the twentieth of the following month by the clerk of the courts to the Treasurer of State.

The Village did not remit the amounts due to the State on or before the twentieth day of the following month throughout 2017 and 2016. Further, the Village did not maintain complete records to determine the exact amount due to the State for 2017. However, based on the records available we determined that at least \$1,451 was due to the State at December 31, 2017.

The Village should remit the State portion of Mayor's Court fines and fees collected to the State on or before the twentieth day of the following month and submit all reports as required timely.

Officials' Response: These are being submitted in a timely manner now.

FINDING NUMBER 2017-009

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-01(A) and (B)(4) provide, in part, that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories including safeguarding of assets against unauthorized acquisition, use or disposition.

The Village Council and Fiscal Officer did not change authorized signatories on Village bank accounts until 2018 despite turnover in the related elected positions. Council Member Lennie Moore resigned February 10, 2015. He remained an authorized signatory on the main checking account and Mayor's Court account throughout 2016 and 2017. Council Member Jodie Taylor resigned January 2017. He also remained an authorized signatory on the main checking account and Mayor's Court account throughout 2017. Further, the certificate of deposit held by the Village named Ms. Turrill, who held no position at the Village during 2017 or 2016, as authorized signatory. This was an oversight on the part of the Village which could lead to unauthorized access to Village bank accounts and theft.

The Village should timely update signatories with its financial institutions upon termination or change in authority level of any authorized signatory.

Officials' Response: Council will address this in a timely manner.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2017-010

Noncompliance and Material Weakness

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

The size of the Village's staff did not allow for an adequate segregation of duties; the Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is, therefore, important that the Council monitor financial activity closely. During 2016 and 2017, Council review of financial information was limited. The Council approved a list of expenditures prepared by the Fiscal Officer monthly, except for one month in 2016. There was, however, no consistent Council signature present on reports or approval documented in the minute record to evidence Council review of budget to actual, or merely financial, information with the exception of the list of expenditures. Further, the Fiscal Officer prepared bank reconciliations each month; no evidence was provided indicating review or approval by Council.

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

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

Officials' Response: The Fiscal Officer will try to get the Council more involved.

Finding Number 2017-011

Material Weakness – Proper Posting

In our audit engagement letter, as required by AU-C § 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C § 210 paragraphs .A14 & .A16.

The Fiscal Officer posted certain revenue and expenditures transactions incorrectly resulting in material audit adjustments.

For the year ended December 31, 2017 the following items were noted:

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number 2017-011 (Continued)

Material Weakness – Proper Posting (Continued)

- Homestead, Rollbacks, and other receipts were misclassified resulting in:
 - General Fund - a decrease in Property and Other Local Taxes of \$4,162, an increase in Intergovernmental receipts of \$170, and an increase in miscellaneous receipts of \$3,556.
 - Street Construction, Maintenance, and Repair Fund - a decrease in Intergovernmental receipts of \$1,691 and an increase in Miscellaneous receipts of \$1,356.
 - State Highway Fund - a decrease in Intergovernmental receipts of \$68 and an increase in Miscellaneous receipts of \$1,190.
 - Permissive Motor Vehicle License Tax Fund - a decrease in Property and Other Local Taxes of \$1,604 and an increase in Intergovernmental receipts of \$1,063.
 - Street levy Fund - an increase in Miscellaneous receipts and decrease in Intergovernmental receipts of \$800.
 - Water Operating Fund - an increase in Miscellaneous receipts of \$190.
- The Village did not properly classify fund balances in accordance with GASB 54 as outlined in AOS Bulletin 2011-004.
 - The Village improperly classified the portion of the General Fund equity resulting from subsequent year appropriations exceeding estimated receipts. This increased General Fund Assigned Fund Cash Balances and decreased Unassigned Fund Cash Balances \$11,788.
 - For the Cruiser Repair/Replacement fund, the Village improperly classified equity. This increased Assigned Fund Cash Balances and decreased Restricted Fund Cash Balances \$26.
- The Mayor's Court Fund Activity was not posted to the underlying accounting system resulting in an increase in Fines, Licenses, and Permits of \$8,563, an increase in Other Disbursements of \$7,381, an increase in Fund Cash Balance, January 1 of \$164.

For the year ended December 31, 2016, the following items were noted:

- Homestead, Rollbacks, and other receipts were misclassified resulting in:
 - General Fund - a decrease in Property and Other Local Taxes of \$3,071, a decrease in Intergovernmental receipts of \$8,799, and an increase in miscellaneous receipts of \$350.
 - Street Construction, Maintenance, and Repair Fund - an increase in Intergovernmental receipts of \$1,742 and an increase in Miscellaneous receipts of \$37.
 - State Highway Fund - a decrease in Intergovernmental receipts of \$1,613 and an increase in Miscellaneous receipts of \$37.
 - Permissive Motor Vehicle License Tax Fund - a decrease in Property and Other Local Taxes of \$1,824 and an increase in Intergovernmental receipts of \$1,160.
 - Street levy Fund - an increase in Miscellaneous receipts of \$37.
 - Water Operating Fund - an increase in Miscellaneous receipts of \$69 and an increase in Intergovernmental receipts of \$11,875.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

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

Finding Number 2017-011 (Continued)

Material Weakness – Proper Posting (Continued)

- The Village did not properly classify fund balances in accordance with GASB 54 as outlined in AOS Bulletin 2011-004.
 - The Village improperly classified the portion of the General Fund equity resulting from subsequent year appropriations exceeding estimated receipts. This increased General Fund Assigned Fund Cash Balances and decreased Unassigned Fund Cash Balances \$10,993.
 - For the Cruiser Repair/Replacement fund, the Village improperly classified equity. This increased Assigned Fund Cash Balances and decreased Restricted Fund Cash Balances \$26.
- Debt activity was not recorded resulting in:
 - Water Operating Fund - an increase in Debt Proceeds of \$499,523, an increase in Capital Outlay of \$425,779, and a decrease in Special Assessments of \$73,744.
- The Mayor's Court Fund Activity was not posted to the underlying accounting system resulting in an increase in Fines, Licenses, and Permits of \$1,704 and an increase in Other Disbursements of \$1,540.

There were also material adjustments to the footnotes to the financial statements required in both 2017 and 2016. These misstatements were caused by confusion over proper classifications and a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Village's management agrees, were made to the financial statements and ledgers. These adjustments, in addition to certain additional minor adjustments, are reflected in the accompanying financial statements.

Fund	Unadjusted 12/31/2017 Fund Balance	Cumulative Adjustment Amount	Adjusted 12/31/2017 Fund Balance
General Fund	\$11,788	(\$11,554)	\$234
Street Construction, Maintenance, and Repair Fund	579	1,444	2,023
State Highway Fund	981	236	1,217
Permissive Motor Vehicle License Tax Fund	1,968	(864)	1,104
Street Lighting Fund	4,790	0	4,790
Street Levy Fund	5,594	(994)	4,600
Cruiser Repair/Replacement Fund	26	0	26
Water Operating Fund	10,916	(181)	10,735
Sewer Surcharge Fund	86,439	11,875	98,314
Water Deposit Fund	4,296	440	4,736
Mayor's Court Fund	290	1,246	1,536
	<u>\$127,667</u>	<u>\$1,648</u>	<u>\$129,315</u>

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

Officials' Response: The Village will correct these.

**VILLAGE OF COOLVILLE
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number 2017-012

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-01(D)(3) and (5) provides that, when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

During the audit period, the Village Fiscal Officer did not post Mayor's Court activity to the accounting system. However, the reconciliations performed and on file compared the accounting system to bank balances. As such, the reconciliations were ineffective. In addition, monthly reconciliations of Mayor's Court revenue received in the court system was not reconciled to the accounting system. The failure to perform complete and timely reconciliations prevented timely and effective review by the Village Council which would otherwise help compensate for the lack of segregation of duties.

The Fiscal Officer should post all activity to the accounting system so that reconciliations are representative of all activity. Further, the Fiscal Officer should prepare complete monthly bank reconciliations in a timely manner so that reconciling items can be easily identified and corrections, if necessary, can be made in a timely manner. These reconciliations should be reviewed and approved by the Village Council at monthly meetings and questioned if unidentified reconciling items are included.

Officials' Response: This will be posted.

FINDING NUMBER 2017-013

Significant Deficiency

The Village does not have a policy in place for noncash adjustments. The Water Clerk adjusts the customer's account. However, we note no documentation supporting the approval to adjust the accounts is maintained.

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

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

Officials' Response: The Village will enact a policy.

VILLAGE OF COOLVILLE
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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Noncompliance with Ohio Rev. Code §735.28 for the lack of an established Board of Public Affairs or Village Administrator.	Not Corrected.	The Council will discuss this with the Solicitor and determine which is appropriate to establish.
2015-002	Noncompliance and Material Weakness relating to Ohio Rev. Code §§ 1905.21 and 2949.91 for the lack of Mayor's Court records and failure to report to state or Village Council.	Not Corrected	The Mayor's Court Clerk will start maintaining a cashbook.
2015-003	Noncompliance and Material Weakness relating to Ohio Admin. Code §117-2-01(D)(4) for insufficient monitoring controls.	Not Corrected	The Fiscal Officer will try to get the Council more involved.
2015-004	Material Weakness for material misposting requiring financial statement adjustment.	Not Corrected	The Village will correct these.
2015-005	Significant Deficiency for the lack of documented approval of non-cash adjustments over utility accounts.	Not Corrected.	The Village will enact a policy.

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OHIO AUDITOR OF STATE KEITH FABER



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
MAY 28, 2019**