

VILLAGE OF CROOKSVILLE
ANNUAL REPORT
YEARS ENDED DECEMBER 31, 2003 AND 2002



**Auditor of State
Betty Montgomery**

Members of Council
Village of Crooksville

We have reviewed the Independent Auditor's Report of the Village of Crooksville, Perry County, prepared by Wolfe, Wilson, & Phillips, Inc. for the audit period January 1, 2002 through December 31, 2003. 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 Crooksville is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

November 12, 2004

This Page is Intentionally Left Blank.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditors' Report	1
Combined Statement of Receipts, Disbursements and Changes In Fund Cash Balances - All Governmental Fund Types - Year Ended December 31, 2003	2
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances – All Proprietary Fund Types - Year Ended December 31, 2003	3
Combined Statement of Receipts, Disbursements and Changes In Fund Cash Balances - All Governmental Fund Types - Year Ended December 31, 2002	4
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances – All Proprietary Fund Types - Year Ended December 31, 2003	5
Notes to Financial Statements	6-14
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	15-16
Schedule of Findings	17-20
Schedule of Prior Audit Findings	21

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Village of Crooksville, Perry County, Ohio as of and for the year ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Crooksville, Perry County as of December 31, 2003 and 2002, and its combined cash receipts and disbursements the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 8, 2004, on our consideration of the Village of Crooksville's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
September 8, 2004

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Outlay	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 455,803	\$ 57,867	\$ -	\$ -	\$ 513,670
Intergovernmental Receipts	130,250	121,483	-	-	251,733
Charges for Services	2,877	175,087	-	-	177,964
Fines, Licenses, and Permits	24,247	100	-	-	24,347
Earnings on Investments	3,813	4,028	-	-	7,841
Miscellaneous	80,425	12,247	286	485	93,443
Total Cash Receipts	<u>697,415</u>	<u>370,812</u>	<u>286</u>	<u>485</u>	<u>1,068,998</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	222,527	94,145	-	-	316,672
Leisure Time Activities	-	115,329	-	-	115,329
Transportation	-	115,960	-	-	115,960
General Government	466,136	15	-	-	466,151
Debt Service:					
Principal Payments	-	-	39,486	-	39,486
Interest Payments	-	-	24,640	-	24,640
Capital Outlay	11,800	58,499	-	272,526	342,825
Total Cash Disbursements	<u>700,463</u>	<u>383,948</u>	<u>64,126</u>	<u>272,526</u>	<u>1,421,063</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(3,048)	(13,136)	(63,840)	(272,041)	(352,065)
Other Financing Receipts and (Disbursements):					
Transfer-In	-	95,000	63,856	81,157	240,013
Transfer-Out	(46,252)	(130,843)	(62,918)	-	(240,013)
Total Other Financing Receipts/(Disbursements)	<u>(46,252)</u>	<u>(35,843)</u>	<u>938</u>	<u>81,157</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(49,300)	(48,979)	(62,902)	(190,884)	(352,065)
Fund Cash Balances, January 1	<u>102,730</u>	<u>216,291</u>	<u>62,902</u>	<u>190,884</u>	<u>572,807</u>
Fund Cash Balances, December 31	<u>\$ 53,430</u>	<u>\$ 167,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,742</u>
Reserve for Encumbrances, December 31	<u>\$ 8,188</u>	<u>\$ 64,725</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,913</u>

See notes to financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, DASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 1,117,713	\$ -	\$ 1,117,713
Total Operating Cash Receipts	<u>1,117,713</u>	<u>-</u>	<u>1,117,713</u>
Operating Cash Disbursements:			
Personal Services	387,653	-	387,653
Travel	1,111	-	1,111
Contractual Services	260,429	-	260,429
Supplies and Materials	102,666	-	102,666
Capital Outlay	11,690	-	11,690
Total Operating Cash Disbursements	<u>763,549</u>	<u>-</u>	<u>763,549</u>
Operating Income/(Loss)	354,164	-	354,164
Non-Operating Cash Receipts			
Earnings on Investments	5,060	-	5,060
Other Non-Operating Receipts	30,510	26,829	57,339
Total Non-Operating Cash Receipts	<u>35,570</u>	<u>26,829</u>	<u>62,399</u>
Non-Operating Cash Disbursements			
Debt Service	184,245	-	184,245
Other Non-Operating Cash Disbursements	-	28,456	28,456
Total Non-Operating Cash Disbursements	<u>184,245</u>	<u>28,456</u>	<u>212,701</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	205,489	(1,627)	203,862
Transfer-In	376,317	-	376,317
Transfer-Out	(376,317)	-	(376,317)
Net Receipts Over/(Under) Disbursements	205,489	(1,627)	203,862
Fund Cash Balances, January 1	<u>354,578</u>	<u>1,627</u>	<u>356,205</u>
Fund Cash Balances, December 31	<u>\$ 560,067</u>	<u>\$ -</u>	<u>\$ 560,067</u>
Reserve for Encumbrances, December 31	<u>\$ 61,328</u>	<u>\$ -</u>	<u>\$ 61,328</u>

See notes to financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Outlay	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 550,514	\$ 6,779	\$ -	\$ -	\$ 557,293
Intergovernmental Receipts	125,633	108,748	117,500	-	351,881
Charges for Services	18,996	21,858	-	-	40,854
Fines, Licenses, and Permits	21,334	160,035	-	-	181,369
Earnings on Investments	3,872	5,629	-	-	9,501
Miscellaneous	91,190	5,760	-	-	96,950
Total Cash Receipts	<u>811,539</u>	<u>308,809</u>	<u>117,500</u>	<u>-</u>	<u>1,237,848</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	207,016	43,093	-	-	250,109
Public Health	-	64,863	-	-	64,863
Leisure Time Activities	-	77,082	-	-	77,082
Transportation	-	99,368	-	-	99,368
General Government	452,145	7,382	-	9,117	468,644
Debt Service:					
Principal Payments	-	-	100,785	-	100,785
Interest Payments	-	-	20,455	-	20,455
Total Cash Disbursements	<u>659,161</u>	<u>291,788</u>	<u>121,240</u>	<u>9,117</u>	<u>1,081,306</u>
Total Cash Receipts Over/(Under) Cash Disbursements	152,378	17,021	(3,740)	(9,117)	156,542
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets	800	-	-	-	800
Sale of Bonds	-	-	-	200,000	200,000
Transfer-In	-	35,261	66,642	-	101,903
Transfer-Out	(101,903)	-	-	-	(101,903)
Total Other Financing Receipts/(Disbursements)	<u>(101,103)</u>	<u>35,261</u>	<u>66,642</u>	<u>200,000</u>	<u>200,800</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	51,275	52,282	62,902	190,883	357,342
Fund Cash Balances, January 1	<u>51,455</u>	<u>164,009</u>	<u>-</u>	<u>1</u>	<u>215,465</u>
Fund Cash Balances, December 31	<u>\$ 102,730</u>	<u>\$ 216,291</u>	<u>\$ 62,902</u>	<u>\$ 190,884</u>	<u>\$ 572,807</u>
Reserve for Encumbrances, December 31	<u>\$ 6,917</u>	<u>\$ 16,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,931</u>

See notes to financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, DASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 862,562	\$ -	\$ 862,562
Total Operating Cash Receipts	<u>862,562</u>	<u>-</u>	<u>862,562</u>
Operating Cash Disbursements:			
Personal Services	360,411	-	360,411
Contractual Services	288,808	-	288,808
Supplies and Materials	68,963	-	68,963
Capital Outlay	25,372	-	25,372
Total Operating Cash Disbursements	<u>743,554</u>	<u>-</u>	<u>743,554</u>
Operating Income/(Loss)	119,008	-	119,008
Non-Operating Cash Receipts			
Intergovernmental Receipts	24,106	-	24,106
Earnings on Investments	5,006	-	5,006
Other Non-Operating Receipts	33,603	23,813	57,416
Total Non-Operating Cash Receipts	<u>62,715</u>	<u>23,813</u>	<u>86,528</u>
Non-Operating Cash Disbursements			
Debt Service	183,531	-	183,531
Other Non-Operating Cash Disbursements	-	24,864	24,864
Total Non-Operating Cash Disbursements	<u>183,531</u>	<u>24,864</u>	<u>208,395</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(1,808)	(1,051)	(2,859)
Transfer-In	184,342	-	184,342
Transfer-Out	(184,342)	-	(184,342)
Net Receipts Over/(Under) Disbursements	(1,808)	(1,051)	(2,859)
Fund Cash Balances, January 1	<u>356,386</u>	<u>2,678</u>	<u>359,064</u>
Fund Cash Balances, December 31	<u>\$ 354,578</u>	<u>\$ 1,627</u>	<u>\$ 356,205</u>
Reserve for Encumbrances, December 31	<u>\$ 6,306</u>	<u>\$ -</u>	<u>\$ 6,306</u>

See notes to financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Crooksville, Perry County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member council. The Village provides water and sewer utilities, park operations, fire services and police services.

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

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

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. The Village maintains an Income Tax Fund to account for local income tax monies as described in Note 8. The activities of this fund are included in the General Fund for reporting purposes. Funds derived from the Village's income tax are utilized for the general operations of the Village and are not restricted as to use.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

Special Revenue Fund

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

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

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

Debt Service Fund

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

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

Capital Projects Funds

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

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

Enterprise Funds

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

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

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

Fiduciary Funds (Agency Funds)

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

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

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

Property, Plant and Equipment

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

Accumulated Leave

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

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand Deposits	\$ 522,867	\$ 632,882
Total Deposits	522,867	632,882
STAR Ohio	257,942	296,130
Total Investments	257,942	296,130
Total Deposits and Investments	\$ 780,809	\$ 929,012

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

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 671,680	\$ 697,415	\$ 25,735
Special Revenue	529,710	465,812	(63,898)
Debt Service	128,073	64,142	(63,931)
Capital Projects	274,882	81,642	(193,240)
Enterprise	1,262,864	1,529,600	266,736
Total	\$ 2,867,209	\$ 2,838,611	\$ (28,598)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 670,589	\$ 754,903	\$ (84,314)
Special Revenue	504,824	579,516	(74,692)
Debt Service	123,947	127,044	(3,097)
Capital Projects	274,882	272,526	2,356
Enterprise	1,438,714	1,385,439	53,275
Total	\$ 3,012,956	\$ 3,119,428	\$ (106,472)

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 816,375	\$ 812,339	\$ (4,036)
Special Revenue	466,128	344,070	(122,058)
Debt Service	670	184,142	183,472
Capital Projects	242,621	200,000	(42,621)
Enterprise	870,376	1,109,619	239,243
Total	\$ 2,396,170	\$ 2,650,170	\$ 254,000

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,098,974	\$ 767,981	\$ 330,993
Special Revenue	389,729	307,802	81,927
Debt Service	10,670	121,240	(110,570)
Capital Projects	-	9,117	(9,117)
Enterprise	1,122,415	1,117,733	4,682
Total	<u>\$ 2,621,788</u>	<u>\$ 2,323,873</u>	<u>\$ 297,915</u>

Compliance and Accountability:

Contrary to Ohio law, appropriations exceeded estimated resources during 2003 as follows:

Fund	Est. Resources	Appropriations	Variance
Street Paving Debt	\$ -	\$ 670	\$ (670)
Sewer Fund	288,873	490,094	(201,221)
Roseville Debt Service	42,209	47,000	(4,791)
Watt Hill Debt Service	-	1,600	(1,600)

Contrary to Ohio law, appropriations exceeded estimated resources during 2002 as follows:

Fund	Est. Resources	Appropriations	Variance
General Fund	\$ 816,375	\$ 1,098,974	\$ (282,599)
DEVOTE Fund	-	7,500	(7,500)
Pool and Park Fund	83,598	94,000	(10,402)
Tree Commission Fund	871	1,000	(129)
Municipal Debt Service	-	10,000	(10,000)
Water Fund	552,845	557,261	(4,416)
Water Contingency	-	5,000	(5,000)
Wastewater Debt Service	580	36,000	(35,420)
Sewage Debt Service	23,714	59,600	(35,886)
Roseville Debt Service	-	47,000	(47,000)
Watt Hill Debt Service	-	1,600	(1,600)
Waterline Replacement	-	1,400	(1,400)
Wastewater Reserve	-	18,000	(18,000)
Wastewater Replacement	12	35,000	(34,988)
WW Capital Improvement	-	20,000	(20,000)

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

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, expenditures exceeded appropriations during 2003 as follows:

Fund	Appropriation	Budgetary Expenditures	Variance
General Fund	\$ 670,589	\$ 754,903	\$ (84,314)
Street Fund	110,557	131,001	(20,444)
Pool and Park Fund	128,456	129,390	(934)
FEMA	1,500	3,452	(1,952)
EMS Levy Fund	91,677	155,566	(63,889)
Fire Station Debt Service	25,304	29,984	(4,680)
Water Fund	562,182	603,227	(41,045)
Sewage Debt Service	59,600	84,450	(24,850)

Contrary to Ohio law, expenditures exceeded appropriations during 2002 as follows:

Fund	Appropriation	Budgetary Expenditures	Variance
Street Fund	\$ 84,356	\$ 91,865	\$ (7,509)
DOD Love Basket Fund	-	706	(706)
Municipal Debt Service	10,000	86,478	(76,478)
Fire Levy Debt	-	19,972	(19,972)
Rec Center Debt	-	14,455	(14,455)
Water Fund	558,673	582,933	(24,260)
OPWC Fund	-	24,106	(24,106)
Water Contingency	5,000	7,221	(2,221)
Wastewater Debt Service	36,000	110,112	(74,112)
Waterline Replacement	1,400	2,674	(1,274)
Water Plant Backwash	-	11,545	(11,545)

4. PROPERTY TAX

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

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

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

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

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 766,430	7.89%
Ohio Water Development Authority Water Loan	52,147	6.03%
Ohio Public Works Commission Water Loan	7,593	2.00%
Ohio Public Works Commission Water Loan	20,541	0.00%
Ohio Public Works Commission Water Plant	72,804	2.00%
Fire Station Bonds	180,000	4.68%
Mortgage Revenue Bonds	853,000	5.00%
Fire Truck Lease	100,901	5.77%
Recreation Center Bonds	166,000	4.75%
Total	\$ 2,219,416	

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

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

The Ohio Water Development Authority (OWDA) on September 25, 2003 has approved a \$54,870 loan related to the Sayre Reservoir Repair Project. As of December 31, 2003, only \$401 has been disbursed. This is not included in the debt schedule above or is it included in the amortization schedule.

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

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

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

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

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

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

5. DEBT (Continued)

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

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

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

Year Ending December 31	OPWC Loans	OWDA Loans	Mortgage Revenue Bonds	Fire Truck Lease	Fire Station Bonds	Recreation Center Debt
2004	\$ 12,030	\$ 109,247	\$ 59,650	\$ 19,972	\$ 28,424	\$ 14,885
2005	12,030	109,672	59,800	19,972	27,488	14,553
2006	12,030	110,130	58,900	19,972	26,552	14,220
2007	12,030	110,626	59,000	19,972	25,626	14,888
2008	12,030	111,160	59,050	19,972	24,680	14,508
Thereafter	48,013	690,024	1,246,950	19,972	89,360	172,370
Total	<u>\$ 108,163</u>	<u>\$ 1,240,859</u>	<u>\$ 1,543,350</u>	<u>\$ 119,832</u>	<u>\$ 222,130</u>	<u>\$ 245,424</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants gross salaries for the periods January 1, 2003 through December 31, 2003 and January 1, 2002 through December 31, 2002. The Village has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

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

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

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

7. RISK MANAGEMENT (Continued)

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

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

8. LOCAL INCOME TAX

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

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

9. CONTINGENT LIABILITIES

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

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

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

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

We have audited the financial statements of the Village of Crooksville as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 8, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Crooksville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2003-01 through 2003-03. We also noted certain immaterial instances of noncompliance which we have reported to management of Village of Crooksville in a separate letter dated September 8, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Crooksville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we noted instances involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Crooksville's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2003-02 and 2003-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, reportable conditions 2003-02 described above are considered to be material weaknesses. We also noted other matters involving internal control over financial reporting that we have reported to management in a separate letter dated September 8, 2004.

Report on Internal Control and Compliance
Page 2

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
September 8, 2004

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-01

Noncompliance Citation

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

During the years ended December 31, 2003 and 2002, appropriations exceeded estimated resources in the following funds:

2003			
Fund	Est. Resources	Appropriations	Variance
Street Paving Debt	\$ -	\$ 670	\$ (670)
Sewer Fund	288,873	490,094	(201,221)
Roseville Debt Service	42,209	47,000	(4,791)
Watt Hill Debt Service	-	1,600	(1,600)

2002			
Fund	Est. Resources	Appropriations	Variance
General Fund	\$ 816,375	\$ 1,098,974	\$ (282,599)
DEVOTE Fund	-	7,500	(7,500)
Pool and Park Fund	83,598	94,000	(10,402)
Tree Commission Fund	871	1,000	(129)
Municipal Debt Service	-	10,000	(10,000)
Water Fund	552,845	557,261	(4,416)
Water Contingency	-	5,000	(5,000)
Wastewater Debt Service	580	36,000	(35,420)
Sewage Debt Service	23,714	59,600	(35,886)
Roseville Debt Service	-	47,000	(47,000)
Watt Hill Debt Service	-	1,600	(1,600)
Waterline Replacement	-	1,400	(1,400)
Wastewater Reserve	-	18,000	(18,000)
Wastewater Replacement	12	35,000	(34,988)
WW Capital Improvement	-	20,000	(20,000)

Prior to the Village Council authorizing the original appropriations or approving any amendments, we recommend the Village Council compare proposed appropriations with the amounts reflected on the (Amended) Certificate of Estimated Resources to ensure that appropriations will not exceed the Village's estimated resources. Since appropriation measures do not become effective until the County Auditor files a certificate that appropriations do not exceed estimated resources, Village management should not order any expenditure of money until the County Auditor issues such certificate.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

Finding Number 2003-02

Noncompliance Citation and Material Weakness

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

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

- A. Then and Now Certificates – This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the fiscal officer is completing the certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

- B. If the amount involved is less than \$3,000 dollars (effective April 7, 2003, prior to that date, the dollar limit was \$1,000) the Village Clerk may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

The Village's Clerk-Treasurer certification was not obtained either before or after obligations were incurred for 25% of the expenditures tested. As a result, obligations were incurred and expenditures were made when appropriated funds were not available.

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

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

Finding Number 2003-03

Noncompliance Citation

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

During the years ended December 31, 2003 and 2002, expenditures exceeded appropriations in the following funds:

2003			
Fund	Appropriation	Budgetary Expenditures	Variance
General Fund	\$ 670,589	\$ 754,903	\$ (84,314)
Street Fund	110,557	131,001	(20,444)
Pool and Park Fund	128,456	129,390	(934)
FEMA	1,500	3,452	(1,952)
EMS Levy Fund	91,677	155,566	(63,889)
Fire Station Debt Service	25,304	29,984	(4,680)
Water Fund	562,182	603,227	(41,045)
Sewage Debt Service	59,600	84,450	(24,850)

2002			
Fund	Appropriation	Budgetary Expenditures	Variance
Street Fund	\$ 84,356	\$ 91,865	\$ (7,509)
DOD Love Basket Fund	-	706	(706)
Municipal Debt Service	10,000	86,478	(76,478)
Fire Levy Debt	-	19,972	(19,972)
Rec Center Debt	-	14,455	(14,455)
Water Fund	558,673	582,933	(24,260)
OPWC Fund	-	24,106	(24,106)
Water Contingency	5,000	7,221	(2,221)
Wastewater Debt Service	36,000	110,112	(74,112)
Waterline Replacement	1,400	2,674	(1,274)
Water Plant Backwash	-	11,545	(11,545)

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

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-04

Monitoring of Village Activity

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

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

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-31064-001	ORC 5705.39 Appropriations shall be limited by estimated resources	No	Not Corrected, repeated in GAGAS letter as Finding 2003-01
2001-31064-002	ORC 5705.41(D) No expenditure of money shall be made unless there is a attached certificate of fiscal officer.	No	Not Corrected, repeated in GAGAS letter as Finding 2003-02
2001-31064-003	ORC 5705.14 Transfers not approved by council	yes	Finding no longer valid.
2001-31064-004	ORC 5705.41(B) No money shall be spent unless appropriated	No	Not Corrected, repeated in GAGAS letter as Finding 2003-03
2001-31064-005	Monitoring of Village activity in regards to budgetary controls	No	Not Corrected, repeated in GAGAS letter as Finding 2003-04



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 30, 2004**