

***VILLAGE OF CROOKSVILLE
PERRY COUNTY, OHIO***

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Crooksville, Perry County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 13, 2012

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**VILLAGE OF CROOKSVILLE
PERRY COUNTY
AUDIT REPORT
For the Year Ended December 31, 2011**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

Village of Crooksville
Perry County
98 Buckeye Street
Crooksville, Ohio 43731

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Crooksville, Perry County, Ohio (the Village), as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the Village of Crooksville, Perry County, prepares its financial statements and notes on the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Crooksville, Perry County, Ohio, as of December 31, 2011, and the respective changes in financial position and the respective budgetary comparisons for the General, State Highway, EMS and Income Tax funds for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2011 the Village of Crooksville, Perry County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and business-type activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Charles Harris Associates

Charles E. Harris & Associates, Inc.

October 8, 2012

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

This discussion and analysis of the Village of Crooksville's (also referred to as the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2011, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2011 are as follows:

Net assets of governmental activities increased \$109,464 or 21.5 %. The fund most affected by the increase in cash and cash equivalents was the EMS Fund, which realized the increased revenues in 2011. However, cost increases affected most funds.

Property receipts for 2011 relativity stayed the same while the income tax increased compared to 2010.

The Village has two business-type activities. They are the water and sewer funds. The net assets decreased by \$166,114 or 31.8%.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on the cash basis of accounting. This basis of accounting is other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2011, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets, parks and construction projects. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities. The Village has two business-type activities funds, the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving services.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds - not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: government, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, EMS, Income Tax, State Highway Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has several major enterprise funds, the Guarantee Deposit, Sewage Replacement, Sewage System, USDA Sewage Debt Reserve, Water Contingency, W. W. Reserve, W. W. Replacement, W. W. Capital Improvements, and Water Works Funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The one Fiduciary Fund is the Fire Damage Insurance Fund which had no activity during the audit period.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
UNAUDITED**

The Village as a Whole

Table 1 reflects a summary of the Village's net assets for 2011 on the cash basis:

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Cash and Cash Equivalents	<u>\$618,544</u>	<u>\$509,080</u>	<u>\$356,006</u>	<u>\$522,120</u>	<u>\$974,550</u>	<u>\$1,031,200</u>
Total Assets	<u>618,544</u>	<u>509,080</u>	<u>356,006</u>	<u>522,120</u>	<u>974,550</u>	<u>1,031,200</u>
Net Assets						
Restricted for:						
Debt Service	0	0	59,358	59,358	59,358	59,358
Service Deposits	0	0	80,426	81,655	80,426	81,655
Capital Projects	20,540	18,615	0	0	20,540	18,615
Other Purposes	438,323	327,333	0	0	438,323	327,333
Unrestricted	<u>159,681</u>	<u>163,132</u>	<u>216,222</u>	<u>381,107</u>	<u>375,903</u>	<u>544,239</u>
Total Net Assets	<u>\$618,544</u>	<u>\$509,080</u>	<u>\$356,006</u>	<u>\$522,120</u>	<u>\$974,550</u>	<u>\$1,031,200</u>

As mentioned previously, net assets of governmental activities increased \$109,464 or 21.5 % and net assets of business-type activities decreased \$166,114 or 31.8% during 2011. There is not one single primary reason contributing to the changes in cash balances. Table 2 reflects the changes in net assets in 2011.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$473,744	\$401,834	\$1,168,789	\$1,147,389	\$1,642,533	\$1,549,223
Operating Grants and Contributions	144,688	246,590	0	0	144,688	246,590
Capital Grants and Contributions	0	0	0	301,955	0	301,955
Total Program Receipts	618,432	648,424	1,168,789	1,449,344	1,787,221	2,097,768
General Receipts:						
Property and Other Local Taxes	90,077	92,717	0	0	90,077	92,717
Income Taxes	475,012	432,858	0	0	475,012	432,858
Grants and Entitlements Not Restricted to Specific Programs	131,613	143,277	0	0	131,613	143,287
Proceeds of Debt	0	0	0	302,356	0	302,356
Interest	9,721	13,856	46	83	9,767	13,930
Miscellaneous	203	2,750	0	0	203	2,748
Total General Receipts	706,626	685,458	46	302,439	706,670	987,897
Total Receipts	1,325,058	1,333,882	1,168,835	1,751,783	2,493,891	3,085,665
Disbursements:						
General Government	239,240	251,141	0	0	239,240	251,141
Security of Persons and Property	588,422	627,752	0	0	588,422	627,752
Leisure Time Activities	95,691	115,231	0	0	95,691	115,231
Transportation	115,032	236,177	0	0	115,032	236,177
Capital Outlay	40,085	45,446	0	0	40,085	45,446
Debt Service:						
Principal Reduction	232,258	210,932	0	0	232,258	210,932
Interest and other Fiscal Charges	146,829	124,632	0	0	146,829	124,632
Water Operating	0	0	645,767	984,981	645,767	984,981
Sewage Operating	0	0	342,607	306,786	342,607	306,786
Guarantee Deposit	0	0	21,631	10,546	21,631	10,546
Sewage Replacement	0	0	39,372	4,745	39,372	4,745
Other Enterprise	0	0	43,609	112,997	43,607	112,997
Total Disbursements	1,457,557	1,611,311	1,092,986	1,420,055	2,550,541	3,031,366
Excess (Deficiency) Before Transfers	(132,499)	(277,429)	75,849	331,728	(56,650)	54,299
Transfers In	241,963	254,424	0	0	241,963	254,424
Transfers Out	0	0	(241,963)	(254,424)	(241,963)	(254,424)
Increase (Decrease) in Net Assets	109,464	(23,005)	(166,114)	77,304	(56,650)	54,299
Net Assets, January 1	509,080	532,085	522,120	444,816	1,031,200	976,901
Net Assets, December 31	<u>\$618,544</u>	<u>\$509,080</u>	<u>\$356,006</u>	<u>\$522,120</u>	<u>\$974,550</u>	<u>\$1,031,200</u>

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

Program receipts represent 47 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

General receipts represent 53 percent of the Village's total receipts, and of this amount, over 80 percent are local taxes. State and federal grants and entitlements make up much of the balance of the Village's general receipts (20 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, fiscal officer, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police, fire protection and EMS; Leisure Time Activities are the costs of maintaining the parks and pool and the Recreation Center; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services	Net Cost Of Services	Total Cost of Services	Net Cost Of Services
	2011	2011	2010	2010
General Government	\$ 239,240	\$ 214,431	\$ 251,141	\$ 197,317
Security of Persons and Property	588,422	153,106	627,752	297,677
Leisure Time Activities	95,691	73,886	115,231	86,376
Transportation	115,032	8,366	236,177	507
Capital Outlay	40,085	40,085	45,446	45,446
Debt Service:				
Principal Reduction	232,258	202,422	210,932	210,932
Interest and Other Fiscal Charges	<u>146,829</u>	<u>146,829</u>	<u>124,632</u>	<u>124,632</u>
Total Expenses	<u>\$1,457,557</u>	<u>\$839,125</u>	<u>\$1,611,311</u>	<u>\$962,887</u>

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

The dependence upon property and income tax receipts is apparent as over 48 percent of governmental activities are supported through these general receipts.

Business-type Activities

The water and sewer operations of the Village is relatively small and routinely reports receipts and cash disbursements that are relatively equal. The Village hooked up to a more reliable source of safe drinking water to the Village. The Village hooked up to a interconnect project with Burr Oak in May 2011.

The Village's Funds

Total governmental funds had receipts of \$2,056,355 and disbursements of \$1,946,891. The greatest change within governmental funds occurred within the EMS Fund. The fund balance of the EMS Fund increased \$70,936 as the result of more revenue still there has been an increase to squad runs. Other governmental funds include, the State Highway, EMS, Income Tax, and Other Governmental Funds. The proprietary funds include Water Works, Sewage System, Guarantee Deposit, Water Contingency, Water Works Reserve, Sewage Debt Reserve, Water Works Replacement, Sewage Replacement Funds and Water Works Capital Improvement.

General Fund disbursements exceeded receipts by \$1,199. The Council will watch the finances to assure funds remain sound.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2011, the Village amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to varying factors. The difference between final budgeted receipts and actual receipts was significant; however the Village's disbursements were also reduced.

Final disbursements were budgeted at \$656,891 while actual disbursements were \$477,725. Although receipts failed to live up to expectations, appropriations were not reduced. The Village kept spending below to budgeted amounts as demonstrated by the reported variances. The result is the decrease in fund balance of \$842 for 2011.

Debt Administration

At December 31, 2011, the Village's outstanding debt was \$3,117,132, including \$1,636,600 in general obligation bonds issued for improvements to buildings and structures. For further information regarding the Village's debt, refer to Notes 11 and 12 to the basic financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

Current Issues

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2012; therefore, the finance committee and the administration implemented a strategy to delay the deficit. This plan became effective for 2010. We will continue to review our sources of revenue and determine what action may need to be done accordingly. We will continue to monitor the disbursement history of the Village. We did not give our employees an increase in salaries for 2011. All departments have been asked to reduce their spending for supplies.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Marcella Maxwell, Fiscal Officer, Village of Crooksville, 98 South Buckeye Street, Crooksville, OH 43731.

VILLAGE OF CROOKSVILLE
PERRY COUNTY
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 618,544	\$ 356,006	\$ 974,550
Total Net Assets	<u>618,544</u>	<u>356,006</u>	<u>974,550</u>
<u>Net Assets</u>			
Restricted For:			
Capital Projects	20,540	-	20,540
Debt Service	-	59,358	59,358
Service Deposits	-	80,426	80,426
Other Purposes	438,323	-	438,323
Unrestricted Net Assets	159,681	216,222	375,903
Total Net Assets	<u>\$ 618,544</u>	<u>\$ 356,006</u>	<u>\$ 974,550</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CROOKSVILLE
PERRY COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Governmental	\$ 239,240	\$ 24,809	\$ -	\$ (214,431)	\$ -	\$ (214,431)
Leisure Time Activities	95,691	21,805	-	(73,886)	-	(73,886)
Security of Persons and Property	588,422	427,130	8,186	(153,106)	-	(153,106)
Transportation	115,032	-	106,666	(8,366)	-	(8,366)
Capital Outlay	40,085	-	-	(40,085)	-	(40,085)
Debt Service:						
Principal Reduction	232,258	-	29,836	(202,422)	-	(202,422)
Interest and Other Fiscal Charges	146,829	-	-	(146,829)	-	(146,829)
Total Governmental Activities	1,457,557	473,744	144,688	(839,125)	-	(839,125)
Business-Type Activities:						
Water Works	645,767	723,505	-	-	77,738	77,738
Sewage System	342,607	424,819	-	-	82,212	82,212
Guarantee Deposit	21,631	20,382	-	-	(1,249)	(1,249)
Sewage Replacement	39,372	-	-	-	(39,372)	(39,372)
Other Enterprise	43,609	83	-	-	(43,526)	(43,526)
Total Business-Type Activities	1,092,986	1,168,789	-	-	75,803	75,803
Total Primary Government	\$ 2,550,543	\$ 1,642,533	\$ 144,688	(839,125)	75,803	(763,322)
General Receipts:						
Property and Other Local Taxes				90,077	-	90,077
Municipal Income Taxes				475,012	-	475,012
Grants and Entitlements						
not Restricted to Specific Programs				131,613	-	131,613
Earnings on Investments				9,721	46	9,767
Miscellaneous				203	-	203
Transfers				241,963	(241,963)	-
Total General Receipts and Transfers				948,589	(241,917)	706,672
Net Change in Assets				109,464	(166,114)	(56,650)
Net Assets Beginning of Year				509,080	522,120	1,031,200
Net Assets End of Year				\$ 618,544	\$ 356,006	\$ 974,550

See accompanying notes to the basic financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	State Highway	EMS	Income Tax	Other Governmental	Totals
ASSETS						
Cash and Cash Equivalents	\$ 39,148	\$ 100,096	\$ 217,743	\$ 36,223	\$ 225,334	\$ 618,544
Total Assets	<u>39,148</u>	<u>100,096</u>	<u>217,743</u>	<u>36,223</u>	<u>225,334</u>	<u>618,544</u>
FUND BALANCES						
Restricted	-	100,096	217,743	-	141,024	458,863
Committed	-	-	-	36,223	83,994	120,217
Assigned	414	-	-	-	316	730
Unassigned	38,734	-	-	-	-	38,734
Total Fund Balances	<u>\$ 39,148</u>	<u>\$ 100,096</u>	<u>\$ 217,743</u>	<u>\$ 36,223</u>	<u>\$ 225,334</u>	<u>\$ 618,544</u>

See accompanying notes to the basic financial statements.

VILLAGE OF CROOKSVILLE
PERRY COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
CASH FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General	State Highway	EMS	Income Tax	Other Governmental	Totals
RECEIPTS:						
Property and Other Local Taxes	\$ 29,088	\$ -	\$ -	\$ -	\$ 60,989	\$ 90,077
Municipal Income Taxes	-	-	-	475,012	-	475,012
Intergovernmental	87,324	7,239	5,861	-	175,877	276,301
Charges for Services	11,235	-	313,654	-	119,967	444,856
Fines, Licenses, and Permits	13,574	-	-	-	15,308	28,882
Earnings on Investments	2,810	5,913	47	-	951	9,721
Miscellaneous	-	-	1	1	207	209
Total Receipts	144,031	13,152	319,563	475,013	373,299	1,325,058
DISBURSEMENTS:						
Current:						
Security of Persons and Property	275,105	2,610	214,131	-	96,576	588,422
Leisure Time Activities	-	-	-	-	95,691	95,691
Transportation	-	1,132	-	-	113,900	115,032
General Government	187,066	-	-	49,936	2,238	239,240
Capital Outlay	-	-	-	-	40,085	40,085
Debt Service						
Principal Reduction	252	-	-	-	232,006	232,258
Interest	-	-	-	-	146,829	146,829
Total Disbursements	462,423	3,742	214,131	49,936	727,325	1,457,557
Excess of Receipts Over/(Under) Disbursements	(318,392)	9,410	105,432	425,077	(354,026)	(132,499)
OTHER FINANCING SOURCES (USES)						
Transfers In	332,081	-	-	-	399,216	731,297
Transfers Out	(14,888)	(3,401)	(34,496)	(413,776)	(22,773)	(489,334)
Total Other Financing Sources (Uses)	317,193	(3,401)	(34,496)	(413,776)	376,443	241,963
Net Change in Fund Balances	(1,199)	6,009	70,936	11,301	22,417	109,464
Fund Balances January 1, 2011	40,347	94,087	146,807	24,922	202,917	509,080
Fund Balances December 31, 2011	<u>\$ 39,148</u>	<u>\$ 100,096</u>	<u>\$ 217,743</u>	<u>\$ 36,223</u>	<u>\$ 225,334</u>	<u>\$ 618,544</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**STATEMENT OF REVENUES, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Property and Other Local Taxes	\$ 27,896	\$ 26,704	\$ 29,088	\$ 2,384
Charges for Services	17,602	25,004	11,235	(13,769)
Intergovernmental	71,999	77,710	87,324	9,614
Fines, Licenses, and Permits	46,041	56,438	13,574	(42,864)
Earnings on Investments	7,627	12,444	2,810	(9,634)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts	171,165	198,300	144,031	(54,269)
DISBURSEMENTS				
Current:				
General Government	252,676	310,574	187,146	123,428
Security of Persons and Property	299,077	330,923	275,439	55,484
Debt Service				
Principal Reduction	-	253	252	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	551,753	641,750	462,837	178,913
Excess of Receipts Over (Under) Disbursements	(380,588)	(443,450)	(318,806)	124,644
Other Financing Sources (Uses)				
Transfers In	398,175	464,268	332,081	(132,187)
Transfers Out	(14,888)	(15,141)	(14,888)	253
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	383,287	449,127	317,193	(131,934)
Net Change in Fund Balances	2,699	5,677	(1,613)	(7,290)
Fund Balances Beginning of Year	39,576	39,576	39,576	-
Prior Year Encumbrances Appropriated	771	771	771	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances End of Year	\$ 43,046	\$ 46,024	\$ 38,734	\$ (7,290)

See accompanying notes to the basic financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**STATEMENT OF REVENUES, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 7,700	\$ 8,161	\$ 7,239	\$ (922)
Earnings on Investments	13,450	20,988	5,913	(15,075)
Total Receipts	<u>21,150</u>	<u>29,149</u>	<u>13,152</u>	<u>(15,997)</u>
DISBURSEMENTS				
Current:				
Transportation	8,390	15,648	1,132	14,516
Security of Persons and Property	2,610	2,610	2,610	-
Total Disbursements	<u>11,000</u>	<u>18,258</u>	<u>3,742</u>	<u>14,516</u>
Excess of Receipts Over (Under) Disbursements	10,150	10,891	9,410	(1,481)
Other Financing Sources (Uses)				
Transfers Out	<u>(9,000)</u>	<u>(14,599)</u>	<u>(3,401)</u>	<u>11,198</u>
Total Other Financing Sources (Uses)	<u>(9,000)</u>	<u>(14,599)</u>	<u>(3,401)</u>	<u>11,198</u>
Net Change in Fund Balances	1,150	(3,708)	6,009	9,717
Fund Balances Beginning of Year	94,087	94,087	94,087	-
Fund Balances End of Year	<u>\$ 95,237</u>	<u>\$ 90,379</u>	<u>\$ 100,096</u>	<u>\$ 9,717</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**STATEMENT OF REVENUES, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
EMS FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Charges for Services	\$ 245,900	\$ 181,761	\$ 313,654	\$ 131,893
Intergovernmental	-	5,861	5,861	-
Miscellaneous	100	200	1	(199)
Earnings on Investments	4,000	7,953	47	(7,906)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts	250,000	195,775	319,563	123,788
DISBURSEMENTS				
Current:				
Security of Persons and Property	240,792	217,635	215,845	1,790
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	240,792	217,635	215,845	1,790
Excess of Receipts Over (Under) Disbursements	9,208	(21,860)	103,718	125,578
Other Financing Sources (Uses)				
Other Financing Uses	(10,800)	(34,496)	(34,496)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(10,800)	(34,496)	(34,496)	-
Net Change in Fund Balances	(1,592)	(56,356)	69,222	125,578
Fund Balances Beginning of Year	145,215	145,215	145,215	-
Prior Year Encumbrances Appropriated	1,592	1,592	1,592	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances End of Year	<u>\$ 145,215</u>	<u>\$ 90,451</u>	<u>\$ 216,029</u>	<u>\$ 125,578</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**STATEMENT OF REVENUES, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
INCOME TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Municipal Income Taxes	\$ 551,641	\$ 628,270	\$ 475,012	\$ (153,258)
Miscellaneous	-	-	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts	551,641	628,270	475,013	(153,257)
DISBURSEMENTS				
Current:				
General Government	49,411	57,828	50,101	7,727
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	49,411	57,828	50,101	7,727
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Receipts Over (Under) Disbursements	502,230	570,442	424,912	(145,530)
Other Financing Sources (Uses)				
Transfers Out	(500,059)	(577,342)	(413,776)	163,566
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(500,059)	(577,342)	(413,776)	163,566
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	2,171	(6,900)	11,136	18,036
Fund Balances Beginning of Year	24,747	24,747	24,747	-
Prior Year Encumbrances Appropriated	175	175	175	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances End of Year	<u>\$ 27,093</u>	<u>\$ 18,022</u>	<u>\$ 36,058</u>	<u>\$ 18,036</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Water Works	Sewage System	Guarantee Deposit	USDA Sewage Debt Reserve	Sewage Replacement	Other Entrprise	Total
ASSETS							
Cash and Cash Equivalents	\$45,737	\$45,770	\$80,426	\$59,358	\$79,291	\$45,424	\$356,006
Total Assets	<u>45,737</u>	<u>45,770</u>	<u>80,426</u>	<u>59,358</u>	<u>79,291</u>	<u>45,424</u>	<u>356,006</u>
NET ASSETS							
Restricted for:							
Debt Service	-	-	-	59,358	-	-	59,358
Service Deposits	-	-	80,426	-	-	-	80,426
Unrestricted	45,737	45,770	-	-	79,291	45,424	216,222
Total Net Assets	<u>\$45,737</u>	<u>\$45,770</u>	<u>\$80,426</u>	<u>\$59,358</u>	<u>\$79,291</u>	<u>\$45,424</u>	<u>\$ 356,006</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CROOKSVILLE
PERRY COUNTY**

**STATEMENT OF REVENUES, DISBURSEMENTS, AND
CHANGE IN FUND BALANCES - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Business-type Activities						Total
	Water Works	Sewage System	Guarantee Deposit	USDA Sewage Debt Reserve	Sewage Replacement	Other Enterprise	
OPERATING RECEIPTS							
Charges for Services	\$ 723,505	\$ 424,819	\$ 20,382	\$ -	\$ -	\$ 83	\$ 1,168,789
Total Operating Receipts	723,505	424,819	20,382	-	-	83	1,168,789
OPERATING DISBURSEMENTS							
Administrative - Water	645,767	-	-	-	-	-	645,767
Other Water	-	-	-	-	-	6,664	6,664
Administrative - Sanitary Sewers and Sewage	-	342,607	-	-	-	-	342,607
Other Sanitary Sewers and Sewage	-	-	-	-	39,372	36,945	76,317
Other Basic Utility Service	-	-	21,631	-	-	-	21,631
Total Operating Disbursements	645,767	342,607	21,631	-	39,372	43,609	1,092,986
Operating Income	77,738	82,212	(1,249)	-	(39,372)	(43,526)	75,803
NON-OPERATING RECEIPTS							
Earnings on Investments	-	10	20	-	4	12	46
Total Non-Operating Receipts	-	10	20	-	4	12	46
Income/(Loss) before transfers	77,738	82,222	(1,229)	-	(39,368)	(43,514)	75,849
Transfers in	-	2,789	-	-	30,000	44,695	77,484
Transfers out	(134,585)	(149,124)	-	-	-	(35,738)	(319,447)
Change in Net Assets	(56,847)	(64,113)	(1,229)	-	(9,368)	(34,557)	(166,114)
Net Assets January 1, 2011	102,584	109,883	81,655	59,358	88,659	79,981	522,120
Net Assets December 31, 2011	\$ 45,737	\$ 45,770	\$ 80,426	\$ 59,358	\$ 79,291	\$ 45,424	\$ 356,006

See accompanying notes to the basic financial statements.

VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 1 - Reporting Entity

The Village of Crooksville, Perry County, Ohio (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. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to help support a volunteer fire department.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Village has no component units.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance, of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

2. Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from the exchange transactions such as charges for services directly relating to the funds principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

1. Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. Following are the Village's major governmental funds:

General Fund is used to account for all financial resources, except those required to be accounted for 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.

EMS Fund receives monies from charges for services related to emergency medical services to offset the costs of equipment for emergency medical protection.

Income Tax Fund receives local income tax revenues to offset costs of the General, Street and Pool and Park Funds.

State Highway Fund receives monies from the County and State Auditor for motor vehicle and gas taxes to help with maintaining the state highway.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

2. Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water, sewer, guarantee deposit, sewage replacement and USDA sewage debt reserve funds.

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

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

Guarantee Deposit Fund-The guarantee deposit fund accounts for the utility deposits paid by the water and sewer customers.

Sewage Replacement Fund-The sewage replacement fund accounts for the transfers made monthly to it by the Sewage System to help set back funds to pay for repairs such as to the sanitary pump stations.

USDA Sewage Debt Reserve Fund-The USDA sewage debt reserve fund accounts for monies set back to pay the Sewage Debt Service payment if an emergency should arise.

**VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

**VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2011, the Village had its monies in checking accounts and STAR Ohio. The Village's deposits are insured by the Federal Depository Insurance Corporation or collateralized by the banks' investment pool.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2011.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund was \$2,810.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for street and state highway maintenance and repairs, police and fire protection, activities of the Village's court, and the Village's parks and pool.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

O. Fund Balance

For the year ended December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Council. Those committed amounts cannot be used for any other purpose unless Council removes or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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 contained 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.

VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 3 – Change in Accounting Principle

For fiscal year 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in the reclassification of certain funds or the restatement of the Village’s financial statements.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General Fund, EMS, Income Tax, and State Highway funds are prepared on the budgetary basis to provide a meaningful comparison of actual results of the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balances (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$771 for the General Fund, \$1,592 for the EMS fund and \$175 for the Income Tax fund.

Note 5 - Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$539,989 of the Village's bank balance of \$789,989 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**VILLAGE OF CROOKSVILLE
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FOR THE YEAR ENDED DECEMBER 31, 2011**

Investments

As of December 31, 2011, the Village had the following investments:

- STAR Ohio (Fair Value) \$222,608 Maturing in less than 1 year.

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 6 - Income Taxes

The Village levies a 1.5 percent income tax whose proceeds are placed into the Income Tax Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 1.5 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 7 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2011, was \$60.10 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	\$ 19,172,250
Public Utility Personal Property	<u>543,690</u>
Total	<u>\$ 19,715,940</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 8 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2011, the Village contracted with the Trident/Argonaut Insurance Companies for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
Property	\$12,071,059	\$1,000
Legal Liability	100,000	None
Automobile	1,000,000	None
General Liability	3,000,000	None
Public Officials	1,000,000	2,500
Law Enforcement Liability	1,000,000	2,500
Employment Practice Liability	1,000,000	2,500
Computer	100,000	1,000
Public Employee Dishonesty	25,000	100
Money and Securities	15,000	100

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provide retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2011, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Public safety and law enforcement members contributed 10.5% and 11.1%, respectively. The Village's contribution rate for pension benefits for 2011 was 14 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 17.87 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$82,077, \$83,512 and \$79,303, respectively. The full amount has been contributed for 2011, 2010 and 2009.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2011, 2010, and 2009 were \$17,690, \$18,402 and \$20,971, respectively. The full amount has been contributed for 2011, 2010 and 2009.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan-a defined contribution plan; and the Combined Plan-a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

**VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPER'S Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$23,449, \$26,946 and \$33,270, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

The Health care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

**VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police was \$6,121 for the year ended December 31, 2011, \$6,367 for year ended December 31, 2010, and \$7,256 for the year ended December 31, 2009. The full amount has been contributed for years 2011, 2010 and 2009.

Note 11-Debt

A summary of debt for the year ended December 31, 2011 was as follows:

Loan	Principal	Interest Rate
OWDA #1537	\$ 240,504	7.89%
OWDA #3392	21,635	6.03%
OWDA #3957	36,803	2.00%
OWDA #4686	36,000	4.12%
OWDA #4913	345,453	1.50%
OWDA #5069	141,004	0%
OWDA #5054	615,882	1.00%
OPWC #CT49A	9,940	0%
OPWC #CR34D	4,632	2.00%
OPWC #CR21J	28,679	0%
Fire Station Bonds	20,000	4.68%
Mortgage Revenue Bonds	695,000	5.00%
Recreation Center Bonds	103,000	4.75%
Capital Facilities Bonds	818,600	4.20%
Total	<u>\$3,117,132</u>	

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Loans	Balance 1/1/2011	Additions	Principal Reduction	Balance 12/31/2011
OWDA	\$ 1,568,314	\$0	(\$131,032)	\$1,437,282
OPWC	57,076	0	(13,826)	43,250
Bonds	<u>1,724,000</u>	<u>0</u>	<u>(87,400)</u>	<u>1,636,600</u>
Total	<u>\$3,349,390</u>	<u>\$0</u>	<u>\$232,258</u>	<u>\$3,117,132</u>

The Ohio Water Development Authority (OWDA) Loan 1537 relates to a water plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$1,186,560 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 to cover OWDA debt service requirements.

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

The Ohio Water Development Authority (OWDA) Loan 3957 on September 25, 2003 has approved a \$54,870 loan related to the Sayre Reservoir Repair Project. The amount was disbursed in 2004. The loan will be repaid in semiannual installments of \$1,671 including interest, over 20 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan 4686 relates to sewer system improvements. The amount was disbursed in 2007. The loan will be repaid in semiannual payments of \$3,691 including interest over 10 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan 4913 relates to waterlines, booster stations and elevated storage. The amount of the loan is \$370,000. The loan will be repaid in semiannual payments of \$7,688 including interest over 30 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) Loan CT49A had an original issue amount of \$26,505 and relates to a raw water line replacement project. The loan is being repaid in semiannual installments of \$663 including interest, over 20 years, from user fees.

The Ohio Public Works Commission (OPWC) Water Plant Loan CR34D 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 for \$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.

**VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
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Mortgage Revenue Bonds were issued in the amount of \$1,010,000 to finance the construction of a sanitary sewer collection and disposal system. The bonds are being repaid in annual installments over 40 years from user fees. The loan numbers are 92-03 and 92-05.

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.

Capital Facilities Bonds were issued in the amount of \$946,900 to finance the building of the Village Administration Building. The bonds are being repaid in annual installments over 20 years.

The Ohio Public Works Commission (OPWC) Loan CR21J had an original amount of \$33,740 and relates to the Burr Oak and Crooksville Interconnect Project. The loan is being repaid in semi annual payments for \$1,687.

The Ohio Water Development Authority Loan (5054) relates to the Burr Oak and Crooksville Interconnect Project. The loan is being repaid in semi annual payments over 30 years in payments of \$12,445 including interest.

The Ohio Water Development Authority Loan (5069) relates to the Burr Oak and Crooksville Interconnect Project. The loan is being repaid in semi annual payments over 30 years in payments of \$2,473.

Note 12 - Leases

The Village leases buildings, vehicles and other equipment under noncancelable leases. The Village disbursed \$29,377 to pay lease costs for the year ended December 31, 2011. Future lease payments are as follows:

Year	Amount
2012	\$20,311
2013	20,311
2014	20,311
2015	<u>20,311</u>
Total	<u>\$81,244</u>

**VILLAGE OF CROOKSVILLE
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Note 13 – Interfund Transfers

During 2011, the Village made the following transfers:

Fund	Transfers In	Transfers Out
Governmental		
General	\$332,081	\$ 14,888
State Highway	-	3,401
EMS	-	34,496
Income Tax	-	413,776
Other Governmental	399,216	22,773
Business-Type		
Water	-	134,585
Sewer	2,789	149,124
Sewage Replacement	30,000	-
Other Enterprise	44,695	35,738
Total	\$808,781	\$808,781

The Village made the above transfers in accordance with the Ohio Revised Code.

The general fund transfers to the other governmental funds were made to provide additional resources for current operations. The Income Tax fund transfers to the General fund for current operations and to the Municipal Debt fund for Debt service requirements. Water and Sewer operations transfer funds to various funds to provide resources for debt service.

VILLAGE OF CROOKSVILLE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 14 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and other governmental funds are presented below:

Fund Balances at December 31, 2011:

Fund Balances	General Fund	State Highway	EMS	Income Tax	Other Governmental Funds	Total
Restricted for:						
State Highway	-	\$100,096	-	-	-	\$100,096
Street Fund	-	-	-	-	\$25,119	25,119
Pool & Park	-	-	-	-	12,848	12,848
Drug Enforce.	-	-	-	-	1,105	1,105
Permissive Tax	-	-	-	-	27,186	27,186
Mayors Crt Comp	-	-	-	-	4,586	4,586
Fire Levy Cont	-	-	-	-	49,640	49,640
Police Equip	-	-	-	-	3,441	3,441
Village Cap Proj	-	-	-	-	17,099	17,099
EMS	-	-	<u>\$217,743</u>	-	-	<u>217,743</u>
Total Restricted	-	<u>100,096</u>	<u>217,743</u>	-	<u>141,024</u>	<u>458,863</u>
Committed for:						
Income Tax	-	-	-	\$36,223	-	36,223
Fire Station Debt	-	-	-	-	19,451	19,451
EMS Truck Debt	-	-	-	-	11,848	11,848
Rec Center Debt	-	-	-	-	16,735	16,735
WW Debt	-	-	-	-	614	614
Sewage Debt	-	-	-	-	21,104	21,104
Sewage Imp DS	-	-	-	-	4,429	4,429
Burr Oak DS	-	-	-	-	563	563
Municipal DS	-	-	-	-	9,246	9,246
Other	-	-	-	-	<u>4</u>	<u>4</u>
Total Committed	-	-	-	<u>36,223</u>	<u>83,994</u>	<u>120,217</u>
Assigned for:						
Encumbrances	414	-	-	-	-	414
Tree Commission	-	-	-	-	316	316
Total Assigned	<u>414</u>	-	-	-	<u>316</u>	<u>730</u>
Unassigned	<u>38,734</u>	-	-	-	-	<u>38,734</u>
Total	<u>\$ 39,148</u>	<u>\$100,096</u>	<u>\$ 217,743</u>	<u>\$36,223</u>	<u>\$ 225,334</u>	<u>\$618,544</u>

Note 15 - Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Village of Crooksville
Perry County
98 Buckeye Street
Crooksville, Ohio 43731

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Crooksville, Perry County (the Village) as of and for the year ended December 31, 2011, and have issued our report thereon dated October 8, 2012, wherein we noted the Village followed the cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United States of America. We also noted the Village adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected.

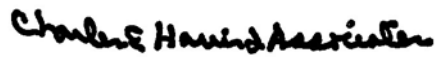
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain internal control matters that we reported to the Village's management in a separate letter dated October 8, 2012.

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



Charles E. Harris & Associates, Inc.
October 8, 2012

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2010, reported no material citations or recommendations.



Dave Yost • Auditor of State

VILLAGE OF CROOKSVILLE

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 27, 2012