



**VILLAGE OF LIMAVILLE  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Limaville  
Stark County  
135 East Church Street  
Limaville, Ohio 44640

To the Village Council:

We have audited the accompanying financial statements of the Village of Limaville, Stark County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2000 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 grants.

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

**Jim Petro**  
Auditor of State

March 20, 2000



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

|  | <u>Governmental Fund Types</u> |                            |   |
|--|--------------------------------|----------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
| <b>Cash Receipts:</b>                          |                                |                            |   |
| Local Taxes                                    | \$4,701                        |                            | \$4,701                                 |
| Intergovernmental                              | 6,039                          | \$5,259                    | 11,298                                  |
| Charges for Services                           | 1,920                          |                            | 1,920                                   |
| Licenses, Permits, and Fees                    | 65                             |                            | 65                                      |
| Earnings on Investments                        | 177                            |                            | 177                                     |
| Other  | 170                            | 69                         | 239                                     |
|  | <u>13,072</u>                  | <u>5,328</u>               | <u>18,400</u>                           |
| <b>Total Cash Receipts</b>                     |                                |                            |   |
|  | <u>13,072</u>                  | <u>5,328</u>               | <u>18,400</u>                           |
| <b>Cash Disbursements:</b>                     |                                |                            |   |
| Current:                                       |                                |                            |   |
| General Government                             | 4,437                          |                            | 4,437                                   |
| Public Safety                                  | 944                            |                            | 944                                     |
| Health   | 1,039                          |                            | 1,039                                   |
| Conservation - Recreation                      | 2,365                          |                            | 2,365                                   |
| Transportation                                 | 5,639                          | 9,832                      | 15,471                                  |
| Basic Utility                                  | 989                            |                            | 989                                     |
| Interest and Fiscal Charges                    | 25                             |                            | 25                                      |
|  | <u>15,438</u>                  | <u>9,832</u>               | <u>25,270</u>                           |
| <b>Total Cash Disbursements</b>                |                                |                            |   |
|  | <u>15,438</u>                  | <u>9,832</u>               | <u>25,270</u>                           |
| Total Cash Receipts (Under) Cash Disbursements | <u>(2,366)</u>                 | <u>(4,504)</u>             | <u>(6,870)</u>                          |
| Fund Cash Balances, January 1                  | <u>13,038</u>                  | <u>10,235</u>              | <u>23,273</u>                           |
| <b>Fund Cash Balances, December 31</b>         | <u>\$10,672</u>                | <u>\$5,731</u>             | <u>\$16,403</u>                         |
| Reserves for Encumbrances, December 31         | <u>\$0</u>                     | <u>\$0</u>                 | <u>\$0</u>                              |

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

|   | Governmental Fund Types |                    |                                |
|---|-------------------------|--------------------|--------------------------------|
|   | General                 | Special<br>Revenue | Totals<br>(Memorandum<br>Only) |
| <b>Cash Receipts:</b>                       |                         |                    |                                |
| Local Taxes                                 | \$4,618                 |                    | \$4,618                        |
| Intergovernmental                           | 5,068                   | \$5,216            | 10,284                         |
| Charges for Services                        | 1,911                   |                    | 1,911                          |
| Licenses, Permits, and Fees                 | 49                      |                    | 49                             |
| Earnings on Investments                     | 171                     |                    | 171                            |
| Other                                       | 177                     | 73                 | 250                            |
|   | <u>11,994</u>           | <u>5,289</u>       | <u>17,283</u>                  |
| <b>Cash Disbursements:</b>                  |                         |                    |                                |
| Current:                                    |                         |                    |                                |
| General Government                          | 6,203                   |                    | 6,203                          |
| Public Safety                               | 961                     |                    | 961                            |
| Health                                      | 1,027                   |                    | 1,027                          |
| Community Environment                       | 50                      |                    | 50                             |
| Conservation - Recreation                   | 1,823                   |                    | 1,823                          |
| Miscellaneous                               | 1,316                   | 694                | 2,010                          |
| Transportation                              | 581                     |                    | 581                            |
|   | <u>11,961</u>           | <u>694</u>         | <u>12,655</u>                  |
| Total Cash Disbursements                    | <u>11,961</u>           | <u>694</u>         | <u>12,655</u>                  |
| Total Cash Receipts Over Cash Disbursements | <u>33</u>               | <u>4,595</u>       | <u>4,628</u>                   |
| Fund Cash Balances, January 1               | <u>13,005</u>           | <u>5,640</u>       | <u>18,645</u>                  |
| <b>Fund Cash Balances, December 31</b>      | <u>\$13,038</u>         | <u>\$10,235</u>    | <u>\$23,273</u>                |
| Reserves for Encumbrances, December 31      | <u>\$0</u>              | <u>\$0</u>         | <u>\$0</u>                     |

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



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Village of Limaville, Stark County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six council members. The Village provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Village contracts with the Licking Township to provide fire services.

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

**B. Basis of Accounting**

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

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

**C. Cash**

All cash is maintained in an interest bearing checking account.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

Street Construction Maintenance and Repair Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Village roads and bridges.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

|                 | <u>1999</u> | <u>1998</u> |
|-----------------|-------------|-------------|
| Demand deposits | \$16,403    | \$23,273    |

Deposits are insured by the Federal Depository Insurance Corporation.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

| 1999 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$12,192             | \$13,072           | \$880    |
| Special Revenue                   | 5,140                | 5,328              | 188      |
| Total                             | \$17,332             | \$18,400           | \$1,068  |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$25,000                   | \$15,438                  | \$9,562  |
| Special Revenue                                       | 15,375                     | 9,832                     | 5,543    |
| Total   | \$40,375                   | \$25,270                  | \$15,105 |

| 1998 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$11,559             | \$11,994           | \$435    |
| Special Revenue                   | 4,920                | 5,289              | 369      |
| Total                             | \$16,479             | \$17,283           | \$804    |

| 1998 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$24,400                   | \$11,961                  | \$12,439 |
| Special Revenue                                       | 10,350                     | 694                       | 9,656    |
| Total   | \$34,750                   | \$12,655                  | \$22,095 |

Contrary to Ohio Rev. Code Section 5705.41 (D), the Village did not certify roughly 60% of their expenditures prior to entering into the commitment.

**4. PROPERTY TAX**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**4. PROPERTY TAX (Continued)**

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

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

**5. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Limaville  
Stark County  
135 East Church Street  
Limaville, Ohio 44640

To the Village Council:

We have audited the accompanying financial statements of the Village of Limaville, Stark County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 20, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported herein under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-31276-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 20, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 20, 2000.

Village of Limaville  
Stark County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

March 20, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**Noncompliance Citation**

|                       |                       |
|-----------------------|-----------------------|
| <b>Finding Number</b> | <b>1999-31276-001</b> |
|-----------------------|-----------------------|

Ohio Rev. Code Section 5705.41(D) states that:

No subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereto.

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

1. Then and Now Certificates - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract and at the time of the certificate, appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate
2. If the amount involved is less than \$1,000, the Village Clerk may authorize payment through a Then and Now Certificate without affirmation of Village Council, if such expenditure is otherwise valid.

During 1999 and 1998, 60% of the expenditures were not certified by the Village Clerk prior to incurring the obligations. It was also found that neither of the two exemptions above were utilized for the items found to be in noncompliance. We recommend the Village inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Village should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for reoccurring and reasonably predictable matters or emergency matters which may arise from time to time.







STATE OF OHIO  
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**VILLAGE OF LIMAVILLE**

**STARK 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  
APRIL 27, 2000**