



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF LIMAVILLE
STARK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Limaville
Stark County
135 East Church Street
P.O. Box 67
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, 2001 and 2000. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 2001 and 2000, 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 April 15, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Village of Limaville
Stark County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of the audit committee, management, 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

April 15, 2002

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$6,323	\$0	\$6,323
Intergovernmental	2,798	5,518	8,316
Charges for Services	1,910	0	1,910
Fines, Licenses, and Permits	257	0	257
Interest	310	0	310
Miscellaneous	20,189	0	20,189
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	31,787	5,518	37,305
Cash Disbursements:			
Current:			
Security of Persons and Property	500	0	500
Public Health Services	1,040	0	1,040
Leisure Time Activities	3,478	0	3,478
Basic Utility Services	1,348	0	1,348
Transportation	705	4,936	5,641
General Government	9,928	0	9,928
Capital Outlay	16,500	0	16,500
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	33,499	4,936	38,435
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> (1,712)	<hr/> 582	<hr/> (1,130)
Other Financing Receipts:			
Sale of Assets	1,650	0	1,650
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(62)	582	520
Fund Cash Balances, January 1	<hr/> 8,335	<hr/> 9,811	<hr/> 18,146
Fund Cash Balances, December 31	<hr/> \$8,273	<hr/> \$10,393	<hr/> \$18,666
Reserves for Encumbrances, December 31	<hr/> \$0	<hr/> \$0	<hr/> \$0

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

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$4,950	\$0	\$4,950
Intergovernmental	3,392	5,368	8,760
Charges for Services	2,455	0	2,455
Fines, Licenses, and Permits	24	0	24
Interest	116	57	173
Miscellaneous	26	0	26
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	10,963	5,425	16,388
Cash Disbursements:			
Current:			
Security of Persons and Property	1,013	0	1,013
Public Health Services	905	0	905
Leisure Time Activities	3,826	0	3,826
Basic Utility Services	512	0	512
Transportation	1,031	1,345	2,376
General Government	6,013	0	6,013
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	13,300	1,345	14,645
Total Cash Receipts			
Over/(Under) Cash Disbursements	(2,337)	4,080	1,743
Fund Cash Balances, January 1	10,672	5,731	16,403
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$8,335</u>	<u>\$9,811</u>	<u>\$18,146</u>
Reserves for Encumbrances, December 31	<u>\$4,276</u>	<u>\$315</u>	<u>\$4,591</u>

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

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The 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-member Council. The Village provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Village contracts with Lexington Township to provide security of persons and property, and fire protection 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

The Village maintains all cash 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 Fund

These funds are used to account for proceeds from specific sources 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 and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 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>2001</u>	<u>2000</u>
Demand deposits	<u>\$18,666</u>	<u>\$18,146</u>

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

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,186	\$33,437	\$3,251
Special Revenue	4,250	5,518	1,268
Total	\$34,436	\$38,955	\$4,519

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,000	\$33,499	\$6,501
Special Revenue	12,400	4,936	7,464
Total	\$52,400	\$38,435	\$13,965

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,471	\$10,963	\$1,492
Special Revenue	4,470	5,425	955
Total	\$13,941	\$16,388	\$2,447

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$20,000	\$17,576	\$2,424
Special Revenue	10,000	1,660	8,340
Total	\$30,000	\$19,236	\$10,764

4. NONCOMPLIANCE

Contrary to Ohio Rev. Code Section 5705.41(D), certain 2001 and 2000 expenditures were not certified prior to incurring the commitment.

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. 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.

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.

6. RETIREMENT SYSTEM

As of December 31, 2001, all members of the Village Council, the Clerk, and the Mayor have elected to contribute to Social Security. The Village's liability is 6.2 percent of gross wages paid.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31 (latest information available):

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>



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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
P.O. Box 67
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, 2001 and 2000, and have issued our report thereon dated April 15, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-31276-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 15, 2002.

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 April 15, 2002.

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 solely for the information and use of the audit committee, management and 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

April 15, 2002

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-31276-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit 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 certification shall be null and void and no warrant shall be issued in payment of any amount due thereon.

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

- 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 or order and at the time of the certificate, appropriated and free of any previous encumbrances, the 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, if such expenditure is otherwise valid
- If the amount involved is less than \$1,000, the Village Clerk may authorize payment through a Then and Now Certificate without affirmation of the Village Council

During 2001 and 2000, 13% and 27% of expenditures tested, respectively, were not certified as to the availability of funds by the Village Clerk prior to incurring the obligations. The Village Clerk should 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.

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**VILLAGE OF LIMAVILLE
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-31276-001	Ohio Revised Code 5705.41(D), failure to certify funds.	No	Partially Corrected - During 1999 and 1998, 60% of expenditures tested were not properly certified. During 2001 and 2000, 13% and 27% of expenditures were not properly certified, respectively.



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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
MAY 9, 2002**