



**VILLAGE OF LIMAVILLE
STARK COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

VILLAGE OF LIMAVILLE
STARK COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Limaville
Stark County
40 North Atwater Avenue
Limaville, Ohio 44640

To the Village Council:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Limaville, Stark County, Ohio (the Village), as of and for the year ended December 31, 2007, 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio Governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis 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 cash financial position of the governmental activities and each major fund of the Village of Limaville, Stark County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Street Construction Maintenance and Repair, and State Highway funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2008, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 22, 2008

Limaville Village
Management's Discussion and Analysis
For the Year Ended December 31, 2007

This discussion and analysis of the Limaville Village's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007, 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 2007 are as follows:

Net assets of governmental activities were \$20,380.

The Village's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. General receipts represent 66 percent of the total cash received for governmental activities during the year.

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.

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 a cash basis of accounting. This basis of accounting is a basis of accounting 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.

Limaville Village
Management's Discussion and Analysis
For the Year Ended December 31, 2007

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and activity. Program receipts consisted of charges for services and grants and contributions restricted to meeting the operational 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 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 reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the governmental activities include the Village's programs and services, including general governmental services and road and bridge maintenance.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major governmental funds – not the Village as a whole. The Village establishes separate funds to better manage its 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 Village's significant governmental funds are presented on the financial statements in separate columns. The Village's major governmental funds are as follows: General Fund, the Street Construction Maintenance and Repair Fund, and the State Highway Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$20,380	\$21,800
Net Assets		
Restricted for:		
Other Purposes	13,700	16,619
Unrestricted	6,680	5,180
Total Net Assets	\$20,380	\$21,800

Limaville Village
Management's Discussion and Analysis
For the Year Ended December 31, 2007

Over time, net assets can serve as a useful indicator of a government's financial position.

Table 2 reflects the changes in net assets in 2007 with a comparative analysis of government-wide data in 2006.

(Table 2)
Changes in Net Assets

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$3,265	\$3,119
Operating Grants and Contributions	6,471	7,385
Total Program Receipts	<u>9,736</u>	<u>10,504</u>
General Receipts:		
Property Taxes	12,367	9,731
Other Taxes	1,714	2,479
Grants and Entitlements Not Restricted to Specific Programs	5,029	4,454
Interest	109	128
Miscellaneous	39	29
Total General Receipts	<u>19,258</u>	<u>16,821</u>
Total Receipts	<u>28,994</u>	<u>27,325</u>
Disbursements:		
Security of Persons and Property:	600	600
Public Health Services	1,375	1,000
Leisure Time Activities	3,806	5,323
Basic Utilities	2,533	2,262
Transportation	13,346	8,403
General Government	8,754	11,401
Other	0	39
Total Disbursements	<u>30,414</u>	<u>29,028</u>
Increase (Decrease) in Net Assets	(1,420)	(1,703)
Net Assets, January 1	<u>21,800</u>	<u>23,503</u>
Net Assets, December 31	<u><u>\$20,380</u></u>	<u><u>\$21,800</u></u>

Limaville Village
Management's Discussion and Analysis
For the Year Ended December 31, 2007

Program receipts represent 34 percent in 2007 as compared with 38 percent in 2006 of total receipts and are primarily comprised of restricted intergovernmental receipts.

General receipts represent 66 percent in 2007 as compared with 62 percent in 2006 of the Village's total receipts, and of this amount, 43 percent in 2007 and 36 percent in 2006 are property taxes. State and federal grants and entitlements make up the majority of the remaining balance of the Village's general receipts (26 percent in 2007 and 26 percent in 2006). Miscellaneous receipts are 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 costs do not represent direct services to residents.

Governmental Activities

If you look at the Statement of Activities on page 10, 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 major program disbursements for governmental activities are for Transportation, which account for 44 percent in of all governmental disbursements. General government also represents a significant cost, about 29 percent. The next 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 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Security of Persons and Property	\$600	(\$600)	\$600	(\$600)
Public Health Services	1,375	175	1,000	0
Leisure Time Activities	3,806	(2,102)	5,323	(3,353)
Community Environment	0	11	0	149
Basic Utilities	2,533	(2,533)	2,262	(2,262)
Transportation	13,346	(6,875)	8,403	(1,018)
General Government	8,754	(8,754)	11,401	(11,401)
Other	0	0	39	(39)
Total Expenses	\$30,414	(\$20,678)	\$29,028	(\$18,524)

The dependence upon property tax receipts is apparent as over 41 percent in 2007 and 34 percent in 2006 of governmental activities are supported through these general receipts.

Limaville Village
Management's Discussion and Analysis
For the Year Ended December 31, 2007

The Village's Funds

Total governmental funds had receipts of \$28,994 and disbursements of \$30,414. The greatest change within governmental funds occurred within the Street Construction Maintenance and Repair Fund with a \$4,234 decrease in fund balance.

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 and disbursements. The most significant budgeted fund is the General Fund.

The final budgeted receipts for the Village's General Fund was \$22,926 and the actual receipts were \$22,511.

Final disbursements were budgeted at \$26,979 while actual disbursements \$21,011.

Current Issues

The challenge for all Governments 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.

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 Jodi Bauhof, Clerk-Treasurer, Limaville Village, 40 North Atwater Avenue, Limaville, Ohio, 44640.

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Village of Limaville
Stark County
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$20,380
Net Assets	
Restricted for:	
Other Purposes	13,699
Unrestricted	<u>6,681</u>
<i>Total Net Assets</i>	<u><u>\$20,380</u></u>

See accompanying notes to the basic financial statements

Village of Limaville
Stark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Security of Persons and Property	\$600	\$0	\$0	(\$600)
Public Health Services	1,375	1,550	0	175
Leisure Time Activities	3,806	1,704	0	(2,102)
Community Environment	0	11	0	11
Basic Utility Services	2,533	0	0	(2,533)
Transportation	13,346	0	6,471	(6,875)
General Government	8,754	0	0	(8,754)
Capital Outlay	0	0	0	0
<i>Total Governmental Activities</i>	<u>\$30,414</u>	<u>\$3,265</u>	<u>\$6,471</u>	<u>(\$20,678)</u>
		General Receipts		
		Property Taxes Levied for:		
		General Purposes	12,367	
		Other Taxes	1,714	
		Grants and Entitlements not Restricted to Specific Programs	5,029	
		Earnings on Investment	109	
		Miscellaneous	39	
		<i>Total General Receipts</i>	19,258	
		Change in Net Assets	(1,420)	
		<i>Net Assets Beginning of Year</i>	21,800	
		<i>Net Assets End of Year</i>	<u>\$20,380</u>	

See accompanying notes to the basic financial statements

Village of Limaville
Stark County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Street Construction Maintenance and Repair	State Highway	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$6,681	\$5,797	\$7,902	\$20,380
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	6,681	0	0	6,681
Special Revenue Funds	0	5,797	7,902	13,699
<i>Total Fund Balances</i>	<u>\$6,681</u>	<u>\$5,797</u>	<u>\$7,902</u>	<u>\$20,380</u>

See accompanying notes to the basic financial statements

Village of Limaville
Stark County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Street Construction Maintenance and Repair	State Highway	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$13,768	\$0	\$0	\$13,768
Intergovernmental	5,029	5,157	1,314	11,500
Charges for Services	3,254	0	0	3,254
Fines, Licenses, and Permits	324	0	0	324
Earnings on Investment	97	12	0	109
<i>Total Receipts</i>	<u>22,472</u>	<u>5,169</u>	<u>1,314</u>	<u>28,955</u>
Disbursements				
Current:				
Security of Persons and Property	600	0	0	600
Public Health Services	1,375	0	0	1,375
Leisure Time Activities	3,806	0	0	3,806
Basic Utility Services	2,533	0	0	2,533
Transportation	3,943	9,403	0	13,346
General Government	8,754	0	0	8,754
<i>Total Disbursements</i>	<u>21,011</u>	<u>9,403</u>	<u>0</u>	<u>30,414</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,461</u>	<u>(4,234)</u>	<u>1,314</u>	<u>(1,459)</u>
Other Financing Sources (Uses)				
Other Financing Sources	39	0	0	39
<i>Net Change in Fund Balances</i>	1,500	(4,234)	1,314	(1,420)
<i>Fund Balances Beginning of Year</i>	<u>5,181</u>	<u>10,031</u>	<u>6,588</u>	<u>21,800</u>
<i>Fund Balances End of Year</i>	<u>\$6,681</u>	<u>\$5,797</u>	<u>\$7,902</u>	<u>\$20,380</u>

See accompanying notes to the basic financial statements

Village of Limaville
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$18,568	\$18,568	\$13,768	(\$4,800)
Intergovernmental	2,762	2,762	5,029	2,267
Charges for Services	0	0	3,254	3,254
Fines, Licenses and Permits	0	0	324	324
Earnings on Investments	0	0	97	97
Miscellaneous	1,557	1,557	0	(1,557)
<i>Total receipts</i>	<u>22,887</u>	<u>22,887</u>	<u>22,472</u>	<u>(415)</u>
Disbursements				
Current:				
Security of Persons and Property	600	600	600	0
Public Health Services	1,400	1,400	1,375	25
Leisure Time Activities	6,650	6,650	3,806	2,844
Community Environment	2,500	2,500	2,533	(33)
Basic Utility Services	5,000	5,000	3,943	1,057
General Government	10,829	10,829	8,754	2,075
<i>Total Disbursements</i>	<u>26,979</u>	<u>26,979</u>	<u>21,011</u>	<u>5,968</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,092)</u>	<u>(4,092)</u>	<u>1,461</u>	<u>5,553</u>
Other Financing Sources (Uses)				
Other Financing Source	39	39	39	0
<i>Net Change in Fund Balance</i>	<u>(4,053)</u>	<u>(4,053)</u>	<u>1,500</u>	<u>5,553</u>
<i>Fund Balance Beginning of Year</i>	5,160	5,160	5,160	0
Prior Year Encumbrances Appropriated	21	21	21	0
<i>Fund Balance End of Year</i>	<u>\$1,128</u>	<u>\$1,128</u>	<u>\$6,681</u>	<u>\$5,553</u>

See accompanying notes to the basic financial statements

**Village of Limaville
Stark County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction Maintenance and Repair Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$6,077	\$6,077	\$5,157	(\$920)
Earnings on Investments	0	0	12	12
<i>Total receipts</i>	<u>6,077</u>	<u>6,077</u>	<u>5,169</u>	<u>(908)</u>
Disbursements				
Current:				
Transportation	14,400	14,400	9,403	4,997
<i>Excess of Receipts Over (Under) Disbursements</i>	(8,323)	(8,323)	(4,234)	4,089
<i>Fund Balance Beginning of Year</i>	10,031	10,031	10,031	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$1,708</u>	<u>\$1,708</u>	<u>\$5,797</u>	<u>\$4,089</u>

See accompanying notes to the basic financial statements

Village of Limaville
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
State Highway Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$530	\$530	\$1,314	\$784
<i>Fund Balance Beginning of Year</i>	6,588	6,588	6,588	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,118</u>	<u>\$7,118</u>	<u>\$7,902</u>	<u>\$784</u>

See accompanying notes to the basic financial statements

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Note 1 – Reporting Entity

The Village of Limaville, Stark 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.

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

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 and maintenance of roads and bridges. The Village contracts with Lexington Township to provide security of persons and fire protection services.

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 of Limaville has no component units.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village belongs to a self-insurance pool. Note 7 to the financial statements provides additional information for this entity. This organization is the Ohio Municipal Joint Self-Insurance Pool.

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. Following are the more significant of the Village's accounting policies.

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.

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. All activity of the Village are governmental activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. The Village does not report any business-type activities which generally 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 balances of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental 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 consist of grants and contributions restricted to meeting the operational requirements of a certain 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 is self-financing on a cash basis or draws from the Village's general receipts.

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 financial statements is on major funds. Each major fund is presented in a separate column.

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. All of the Villages funds are categorized as governmental.

Village of Limaville
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 – Summary of Significant Accounting Policies (Continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Construction Maintenance and Repair Fund, and State Highway Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The Street Construction Maintenance and Repair Fund is used to account for gasoline and motor vehicle tax monies which the Village can only use to pay for constructing, maintaining, and repairing Village streets. The State Highway Fund is used to account for gasoline and motor vehicle tax monies which the Village can only use to pay for constructing, maintaining, and repairing Village streets.

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 liabilities and expenses) 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 certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. 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. The legal level of control has been established at the fund, function, 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.

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".

Note 2 – Summary of Significant Accounting Policies (Continued)

During 2007, the Village maintained cash in an interest bearing checking account.

Interest earnings are allocated to Village funds according to State statutes. Interest receipts credited to the General Fund during 2007 was \$97.

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. During 2007, the Village reported restricted assets of \$13,699.

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.

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. During 2007, the Village did not report any interfund loans.

J. Employer Contributions to Retirement System

The Village recognizes the disbursement for employer contributions to the retirement system when they are paid, (see Note 8).

K. 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 taxes or grant requirements.

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.

L. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Interfund Transactions

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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Compliance

Contrary to Ohio Rev. Code Section 9.38 the Village did not deposit receipts in a timely manner.

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 and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance.

Note 5 – Deposits and Investments

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

Active monies are public monies 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 withdraw on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have 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;
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;

Note 5 – Deposits and Investments (Continued)

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 2 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).

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, none of the Village's bank balance of \$27,316 was exposed to custodial credit risk because those deposits were insured and collateralized by the FDIC.

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.

Investments

As of December 31, 2007, the Village had no investments.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. 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.

Village of Limaville
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 6 – Property Taxes (continued)

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$9.90 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$1,432,050
Public Utility Property	0
Tangible Personal Property	257,990
Total Assessed Values	<u>\$1,690,040</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.

Note 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. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2006 (the latest information available):

	<u>2006</u>
Assets	\$2,331,284
Liabilities	<u>(3,130,475)</u>
Accumulated deficit	<u>(\$799,191)</u>

Note 8 – Retirement System

As of December 31, 2007, 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% of gross wages paid.

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Mary Taylor, CPA

Auditor of State

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

Village of Limaville
Stark County
40 North Atwater Avenue
Limaville, Ohio 44640

To the Village Council:

We have audited the financial statements of the governmental activities and each major fund of the Village of Limaville, Stark County, Ohio, (the Village) as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 22, 2008, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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*.

Internal Control 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 audit procedures for expressing our opinion on the financial statements, but not to opine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated October 22, 2008.

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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 22, 2008.

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



Mary Taylor, CPA
Auditor of State

October 22, 2008

VILLAGE OF LIMAVILLE
STARK COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2007-001

NONCOMPLAINE

Ohio Rev. Code Section 9.38 provides that public money must be deposited with the Village Clerk or with the designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of the receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited.

For 2007 and 2006, 18 out of the 19 (95%) Community Center rental receipts and 4 out of the 6 (67%) Cemetery receipts tested were not deposited with the Village Clerk or designated depository for a period of 5 to 51 days after initial receipt of the money. For 2007, 4 out of the 19 (21%) Community Center rental receipts noted above were not deposited in accordance with the Village's Community Center rentals depositing policy which states the individual in charge of Community Center rentals has 5 days to deposit rental receipts to the Clerk and the Clerk then has 5 days to deposit those monies into the bank. The respective receipts were not deposited with the Village Clerk or designated depository for a period of 15 to 39 days after initial receipt of the money. Delays of this nature could cause Village daily receipts to be lost or misplaced without being detected in a timely manner. The Village should properly safeguard receipts and ensure timely depositing in accordance with Ohio Rev Code Section 9.38 and ensure their Community Center rentals depositing policy is in accordance with Ohio Revised Code Section 9.38.

FINDING NUMBER 2007-002

Significant Deficiency

Monitoring Budgetary Amounts

During 2007 and 2006, original budget amounts and final appropriations reported in the Village's year-end Comparison of Disbursements and Encumbrances and Appropriation Ledger reports did not reconcile to the permanent appropriation measure plus (minus) all supplemental appropriations, if applicable, as approved by Village Council and the County Budget Commission. Consequently, Village Council and the Village Clerk were unable to accurately monitor the Village's budget status; thus preventing the Village from properly evaluating, on an on-going basis, the status of anticipated Village expenditures. This resulted in object level expenditures plus outstanding encumbrances exceeding appropriations (as approved by Council) by amounts ranging from \$73 to \$235.

The Village's Comparison of Disbursements and Encumbrances and Appropriation Ledger reports should reflect appropriations approved by Village Council and the County Budget Commission. The Village Clerk should periodically reconcile the Comparison of Disbursements and Encumbrances and Appropriation Ledger reports to ensure budgeted amounts are posted accurately and timely. This will help ensure Village Council and the Village Clerk have the information to effectively monitor and assess, on an on-going basis, results of appropriations versus expenditures.

Officials' Response: We did not receive a response from Officials to these findings.

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Rev. Code Section 9.38, 95% of monies received for the community center and 67% cemetery services were not deposited within 24 hours.	No	Finding not corrected. Included in 2007 Schedule of Findings as Finding 2007-001.
2006-002	Ohio Rev. Code Section 5705.38 (A) the Village did not approve temporary or permanent appropriations on or about the first day of the fiscal year	Yes	Corrected
2006-003	Budgeted amounts in the system did not agree to supporting documentation	No	Finding not corrected. Included in 2007 Schedule of Findings as Finding 2007-002.



Mary Taylor, CPA
Auditor of State

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
DECEMBER 9, 2008**