



Mary Taylor, CPA
Auditor of State

VILLAGE OF SMITHFIELD
JEFFERSON COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Smithfield
Jefferson County
PO Box 454
Smithfield, Ohio 43948

To the Village Council:

We have selectively tested accounts, financial records, files and reports of the Village of Smithfield, Jefferson County, (the Village) as of and for the years ended December 31, 2002 and 2001 following Ohio Administrative Code Section 117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we do express no opinion on them.

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

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

Mary Taylor, CPA
Auditor of State

September 12, 2008

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VILLAGE OF SMITHFIELD
JEFFERSON COUNTY

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Total Cash Receipts	\$105,707	\$63,826	\$140	\$169,673
Cash Disbursements:				
Total Cash Disbursements	62,743	49,829	0	112,572
Total Receipts Over/(Under) Disbursements	42,964	13,997	140	57,101
Fund Cash Balances, January 1	(29,885)	(11,704)	28,094	(13,495)
Fund Cash Balances, December 31	\$13,079	\$2,293	\$28,234	\$43,606

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

VILLAGE OF SMITHFIELD
JEFFERSON COUNTY

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

	<u>Enterprise</u>
Operating Cash Receipts:	
Total Operating Cash Receipts	<u>\$271,441</u>
Operating Cash Disbursements:	
Total Operating Cash Disbursements	<u>267,376</u>
Operating Income/(Loss)	<u>4,065</u>
Fund Cash Balances, January 1	<u>185,925</u>
Fund Cash Balances, December 31	<u><u>\$189,990</u></u>

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

VILLAGE OF SMITHFIELD
JEFFERSON 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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Total Cash Receipts	\$90,679	\$82,509	\$385	\$173,573
Cash Disbursements:				
Total Cash Disbursements	91,388	73,664		165,052
Total Receipts Over/(Under) Disbursements	(709)	8,845	385	8,521
Fund Cash Balances, January 1	(29,176)	(20,549)	27,709	(22,016)
Fund Cash Balances, December 31	(\$29,885)	(\$11,704)	\$28,094	(\$13,495)

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

VILLAGE OF SMITHFIELD
JEFFERSON COUNTY

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

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Cash Receipts:	
Total Cash Receipts	<u>\$260,751</u>
Cash Disbursements:	
Total Cash Disbursements	<u>226,775</u>
Operating Income/(Loss)	<u>33,976</u>
Fund Cash Balances, January 1	<u>151,949</u>
Fund Cash Balances, December 31	<u><u>\$185,925</u></u>

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

**VILLAGE OF SMITHFIELD
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Smithfield, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street maintenance and repair, water and sewer utilities, park operations, and police services. The Village contracts with Smithfield Volunteer Fire Department for fire protection and emergency medical services.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Fire Protection Fund- This fund receives levy monies to pay for the cost of fire protection services.

EMS Fund – This fund receives levy monies to pay for the cost of emergency medical services

**VILLAGE OF SMITHFIELD
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant permanent fund:

Perpetual Care Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

4. Enterprise Funds

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

Water Revenue Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Revenue Fund - This fund receives charges for services from residents to cover sewer service costs.

Debt Service Fund - This fund pays on bonds issued for construction of a sanitary sewer system. .

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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

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.

**VILLAGE OF SMITHFIELD
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

Demand deposits	\$148,230	\$209,396
Certificates of deposit	24,200	24,200
Total deposits	\$ 172,430	\$ 233,596

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

Fund Type	2002 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General		\$105,707	\$105,707
Special Revenue		63,826	63,826
Enterprise		271,441	271,441
Permanent		140	140
Total	\$0	\$441,114	\$441,114

**VILLAGE OF SMITHFIELD
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$62,743	(\$62,743)
Special Revenue		49,829	(49,829)
Enterprise		267,376	(267,376)
Permanent		0	0
Total	\$0	\$379,948	(\$379,948)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$101,360	\$90,679	(\$10,681)
Special Revenue	57,547	82,509	24,962
Enterprise	172,580	260,751	88,171
Permanent		385	385
Total	\$331,487	\$434,324	\$102,837

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$91,388	(\$91,388)
Special Revenue		73,664	(73,664)
Enterprise		226,775	(226,775)
Permanent		0	0
Total	\$0	\$391,827	(\$391,827)

Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority in 2001 in the General, Special Revenue, and Enterprise Funds by \$91,388, \$73,664 and \$226,775, respectively. In 2002 expenditures exceeded appropriations in the General, Special Revenue and Enterprise Funds by \$62,743, \$49,829 and \$267,376, respectively.

Also contrary to Ohio Revised Code Section 5705.10, in 2001 the General, Street Maintenance and Construction, Permissive Tax, Police Salary, Police Protection and Enterprise Debt Service Funds had cash deficit balance of \$29,885, \$10,216, \$3,443, \$8,895, \$4,631 and \$3,748, respectively. In 2002, the Street Maintenance Construction, Permissive Tax, Police Salary, Police Protection, and Sewer Revenue Funds had cash deficit balances of \$269, \$810, \$12,035, \$3,342, and \$7,895, respectively.

Contrary to Ohio Revised Code Section 5705.38, in 2001 and 2002 the Village failed to pass appropriation measure.

Contrary to Ohio Revised Code Section 5705.36, in 2002 the Village failed to certify available revenue to the County Auditor.

**VILLAGE OF SMITHFIELD
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$898,000	5.75%
General Obligation Notes	\$9,643	6.00%
Total	\$907,643	

The United States Department of Agriculture issued a rural development loan to the Village for the construction of a sanitary sewer system. The amount of the loan was \$1,009,000 and is to be repaid in annual installments through 2031. The loan is collateralized by future sewer receipts. The Village has three outstanding General Obligation Notes, which were issued for repairs of the water system, the purchase of a backhoe and the purchase of a police cruiser. The general obligation notes are collateralized by the Village's taxing authority.

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

	USDA Loan	General Obligation Notes
Year ending December 31:		
2003	\$63,635	\$9,092
2004	64,945	1,128
2005	64,140	
2006	64,335	
2007	64,473	
2008-2012	322,470	
2013-2017	320,996	
2018-2022	322,745	
2023-2027	321,443	
2028-2031	257,005	
Total	\$1,866,187	\$10,220

**VILLAGE OF SMITHFIELD
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RETIREMENT SYSTEMS

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2002 and 2001, OPERS members contributed 8.5% of their gross salaries and the Village contributed an amount equaling 13.55% of participants' gross salaries. The Village has not paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Municipal League 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, 2002 and 2000 generally protect against individual losses exceeding \$100,000 (\$150,000 for policies issued prior to April 1, 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 financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2001 and 2000. (This is the most current information available)

	2002	2001
Assets	\$3,354,251.00	\$2,958,827.00
Liabilities	(4,851,866.00)	(3,863,373.00)
Retained deficit	(\$1,497,615.00)	(\$904,546.00)

8. LEGAL COMPLIANCE

Contrary to Ohio Revised Code Section 733.28 and 733.43, the Village Clerk/Treasurer did not keep accurate records of the Village accounts.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Village of Smithfield
Jefferson County
P.O. Box #454
Smithfield, Ohio 43948-0454

To the Village Council:

We have selectively tested certain accounts, financial records, files and reports of the Village of Smithfield, Jefferson County, (the Village) as of and for the years ended December 31, 2002 and 2001, following Ohio Administrative Code Section 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

Internal Control over Financial Reporting

During our procedures related to the internal control over financial reporting, we noted matters that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, those matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely by employees when performing the assigned functions. These matters are described in the schedule of findings as items 2002-005 and 2002-006.

Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements, applicable to the Village. Noncompliance with these requirements could impact the Village's ability to determine financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying schedule of findings as items 2002-001 through 2002-005.

We intend this report solely for the information and use of the management and Village Council. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

September 12, 2008

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**VILLAGE OF SMITHFIELD
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

FINDING NUMBER 2002-001

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

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

1. **Then and Now Certificate** – 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 fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council if such expenditure is otherwise valid.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extent beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Village did not properly certify or record the amount against the applicable appropriation accounts for 100% of tested expenditures. The Village did not utilize the certification exceptions described above.

**FINDING NUMBER 2002-001
 (Continued)**

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. Unless the exceptions noted above are used properly, prior to certification is not only required by statute but it is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Village Clerk/Treasurer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

FINDING NUMBER 2002-002

Ohio Revised Code Section 5705.10(H) states that all money paid into a fund must be used for the purpose for which such fund has been established. A negative balance indicates that money from one fund was used to cover the expenses of another fund.

At December 31, 2001, the following funds had deficit balances:

Fund	Deficit Balance
General	\$29,885
Street Construction Maintenance and Repair	\$10,216
Permissive	\$3,443
Police Salary	\$8,895
Police Protection	\$4,631
Enterprise Debt Service	\$3,748

At December 31, 2002, the following funds had deficit balances:

Fund	Deficit Balance
Street Construction Maintenance and Repair	\$269
Permissive Tax	\$810
Police Salary	\$12,035
Police Protection	\$3,342
Sewer Reserve	\$7,895

The Clerk/Treasurer should monitor all fund balances closely and should notify Council immediately if a fund is getting near a deficit level. The deficit balances should be examined by Village management and options to prevent deficit spending should be considered.

FINDING NUMBER 2002-003

Ohio Revised Code Section 5705.38 requires, in part, that on or about the first day of the fiscal year, an appropriation measure be passed. **Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not adopt an appropriation measure for either 2001 or 2002 and expenditures are limited by the appropriations established for each fund; therefore, all expenditures made by the Village in 2002 (\$379,948) and in 2001 (\$391,827) were not in compliance with the Ohio Revised Code.

**FINDING NUMBER 2002-003
(Continued)**

Failure to pass an appropriation measure, which serves as a tool by which expenditures can be monitored, could result in overspending. The Village should pass an appropriation measure as required so that expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Expenditures should be limited to Council approved appropriations for each fund.

FINDING NUMBER 2002-004

Ohio Revised Code Section 5705.36 states that on or about the first day of each fiscal year, the fiscal officer of a subdivision is to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Clerk/Treasurer did not file a certificate showing the total amount from all sources available for expenditures and the balances existing at the end of the year with the county auditor. Failure to file the certificate could result in appropriations exceeding the amounts of available resources. The Village Clerk/Treasurer should certify to the county auditor the total amount from all sources to establish limits for Council approved appropriations.

FINDING NUMBER 2002-005

Ohio Revised Code Section 733.28 states that the village clerk shall keep the books of the village, exhibit accurate statement of all moneys received and expended, of all the property owned by the village and income derived there from, and of all the taxes and assessments. **Ohio Revised Code Section 733.43** states that the treasurer of a municipal corporation shall keep an accurate account of: all moneys received by him, showing the amount thereof, the time received, from whom, and on what account received; and all disbursements made by him, showing the amount thereof, the time thereof, the time made, to whom, and on what account paid. **Ohio Revised Code Section 733.261(C)** states that the village clerk/treasurer shall perform the duties provided by law for the clerk and the treasurer.

The Village Clerk/Treasurer did not keep the books of the Village, and failed to exhibit accurate statements of all moneys received and expended, of all the property owned by the Village and of income derived there from and of all taxes and assessments. The Village Clerk/Treasurer did not record all monies received and expended by the Village during 2002 and 2001 and did not prepare monthly bank to book reconciliations. There were several posting errors made which required adjustments in order to bring the books into balance with the depository. Adjustments were made to the General Fund in 2002 and 2001 for unrecorded receipts and expenditures which netted to \$2,741 and \$3,753 respectively. Additionally, the Village had a COPS Grant and a Recreation Fund which were not accounted for by the Village Clerk/Treasurer. The Village's financial statements and accounting records have been adjusted to reflect this activity.

The Clerk/Treasurer should record all financial activity of the Village in the receipts ledger, appropriation ledger and cash journal, as appropriate, so that accurate statements of all monies received and expended can be prepared. The Village Clerk/Treasurer should perform monthly bank reconciliations. Periodically, financial statements and monthly bank reconciliations should be submitted to Council for review. These periodic reviews should be noted in the minutes and the reviewed documents should be initialed by the reviewer.

FINDING NUMBER 2002-006

Audit Committee

The Village has not established an audit committee. The primary functions of such a committee are to monitor and review the Village's accounting and financial reporting practices, and to follow up on citations and recommendations made by its auditors. The Village should establish an audit committee.

The Audit Committee should be actively involved in:

- Meeting with the Village's independent auditors before each audit:
- Monitoring the progress of the financial and compliance audit:
- Evaluating the results of the financial and compliance audit: and
- Ensuring the internal control and legal compliance issues identified in the audit are promptly and effectively remedied

In addition, the audit committee should meet regularly (perhaps quarterly) to monitor the Village's legal compliance, financial condition, and controls over the safeguarding of assets.

**VILLAGE OF SMITHFIELD
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 and 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2000-31241-001	ORC Section 733.28 and 733.45	No	Cited again as 2002-005
2000-31241-002	ORC Section 5705.41 (B)	No	Cited again as 2002-003
2000-31241-003	ORC Section 5705.38	No	Cited again as 2002-003
2000-31241-004	ORC Section 5705.41 (D)	No	Cited again as 2002-001
2000-31241-005	ORC Section 5705.36	No	Cited again as 2002-004
2000-31241-006	ORC Section 5705.10	No	Cited again as 2002-002



Mary Taylor, CPA
Auditor of State

VILLAGE OF SMITHFIELD

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 6, 2008**