



Mary Taylor, CPA
Auditor of State

VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY

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Dave Yost • Auditor of State

Village of Summitville
Columbiana County
P.O. Box 56
Summitville, Ohio 43962

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

September 6, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Summitville
Columbiana County
P.O. Box 56
Summitville, Ohio 43962

To the Village Council:

We have audited the accompanying financial statements of the Village of Summitville, Columbiana County, (the Village) as of and for the years ended December 31, 2008 and 2007. 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 audit.

Except as described in paragraph five, 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 opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The second following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

We were unable to obtain sufficient evidential matter supporting the amounts recorded as Fines, Licenses and Permits receipts and Other Operating disbursements reported in the Mayor's Court Agency Fund for the years ending December 31, 2008 and 2007. Fines, Licenses and Permits receipts were reported as \$12,225 and \$11,830, which is 100% of total revenue for the years ended December 31, 2008 and 2007, respectively. Other Operating disbursements were reported as \$18,074 and \$2,000, which is 100% of total operating disbursements for the years ended December 31, 2008 and 2007, respectively. We were unable to determine the validity of the fines, licenses and permits receipts and other operating disbursements through alternative procedures.

Additionally we were not able to obtain sufficient evidence to reasonably assure the completeness of Fines, Licenses and Permits receipts reported within the General fund nor were we able to gain assurance through alternative audit procedures.

In our opinion, because of the effects of the matter discussed in the paragraphs five and six, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

In addition, we are unable to express an opinion on the Fines, Licenses and Permit receipts and Other Operating disbursements of the Mayor's Court Agency Fund for the years ended December 31, 2008 and 2007 because as described in paragraph five we were unable to obtain sufficient evidence to support the 2007 and 2008 Fines, Licenses and Permit receipts and Other operating disbursements reported for this fund.

Further, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the Fines, Licenses and Permits receipts for the General fund as described in paragraph six, the financial statements referred to above present fairly, in all material respects, the combined fund balances of the General Fund of the Village of Summitville, Columbiana County, as of December 31, 2008 and 2007, and its combined cash receipts, disbursements and reserve for encumbrances, for the years then ended on the accounting basis Note 1 describes.

Finally, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Special Revenue Fund Type of the Village of Summitville, Columbiana County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements and reserve for encumbrances for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2011, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 6, 2011

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**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$8,468	\$5,821	\$14,289
Intergovernmental	16,334	3,705	20,039
Earnings on Investments	38	0	38
Miscellaneous	571	0	571
	<u>25,411</u>	<u>9,526</u>	<u>34,937</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	18,100	3,023	21,123
Leisure Time Activities		251	251
Community Environment	1,421		1,421
Basic Utility Service	4,616		4,616
Transportation		2,153	2,153
General Government	19,402		19,402
	<u>43,539</u>	<u>5,427</u>	<u>48,966</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(18,128)</u>	<u>4,099</u>	<u>(14,029)</u>
Other Financing Receipts / (Disbursements):			
Proceeds of Notes	10,175		10,175
Advances-In	2,000		2,000
	<u>12,175</u>		<u>12,175</u>
Total Other Financing Receipts / (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,953)	4,099	(1,854)
Fund Cash Balances, January 1	7,020	15,418	22,438
Fund Cash Balances, December 31	<u>\$1,067</u>	<u>\$19,517</u>	<u>\$20,584</u>
Reserve for Encumbrances, December 31	<u>\$5,067</u>	<u>\$451</u>	<u>\$5,518</u>

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

VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Agency</u>
Operating Cash Receipts:	
Fines, Licenses and Permits	<u>\$12,225</u>
Total Operating Cash Receipts	<u>12,225</u>
Operating Cash Disbursements:	
Other	<u>18,074</u>
Total Operating Cash Disbursements	<u>18,074</u>
Operating Income/(Loss)	<u>(5,849)</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(5,849)
Advances-Out	<u>(2,000)</u>
Net Receipts Over/(Under) Disbursements	(7,849)
Fund Cash Balances, January 1	<u>10,285</u>
Fund Cash Balances, December 31	<u><u>\$2,436</u></u>

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

VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Local Taxes	\$9,133	\$6,168	\$15,301
Intergovernmental	18,111	3,361	21,472
Earnings on Investments	70		70
Miscellaneous	305		305
Total Cash Receipts	27,619	9,529	37,148
Cash Disbursements:			
Current:			
Security of Persons and Property	8,163	2,525	10,688
Leisure Time Activities		1,234	1,234
Community Environment	1,016		1,016
Basic Utility Service	3,699		3,699
Transportation		15,225	15,225
General Government	18,368		18,368
Total Cash Disbursements	31,246	18,984	50,230
Total Receipts Over/(Under) Disbursements	(3,627)	(9,455)	(13,082)
Fund Cash Balances, January 1	10,648	24,873	35,521
Fund Cash Balances, December 31	\$7,021	\$15,418	\$22,439
Reserve for Encumbrances, December 31	\$3,060	\$380	\$3,440

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

VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Agency</u>
Operating Cash Receipts:	
Fines, Licenses and Permits	<u>\$11,830</u>
Total Operating Cash Receipts	<u>11,830</u>
Operating Cash Disbursements:	
Other	<u>2,000</u>
Total Operating Cash Disbursements	<u>2,000</u>
Operating Income/(Loss)	<u>9,830</u>
Fund Cash Balances, January 1	<u>455</u>
Fund Cash Balances, December 31	<u><u>\$10,285</u></u>

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

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Summitville, Columbiana County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, park operations, and police services. The Village contracts with the Franklin Township Volunteer Fire Department to receive fire protection services. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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. Deposits 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.

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:

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 SUMMITVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fire Levy Fund – This fund receives real estate and personal property tax monies to cover the cost associated with contracting for fire protection.

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court activity.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2008 and 2007 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.

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 DEPOSITS

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

	2008	2007
Demand deposits	\$23,020	\$32,724

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,339	\$25,411	(\$8,928)
Special Revenue	3,966	9,529	5,563
Total	\$38,305	\$34,940	(\$3,365)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,929	\$38,431	\$2,498
Special Revenue	26,696	5,878	20,818
Total	\$67,625	\$44,309	\$23,316

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,236	\$27,619	(\$6,617)
Special Revenue	6,148	9,529	3,381
Total	\$40,384	\$37,148	(\$3,236)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,695	\$34,306	\$12,389
Special Revenue	31,294	19,364	11,930
Total	\$77,989	\$53,670	\$24,319

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund, the Street Construction, Maintenance and Repair Fund and the Parks and Recreation Fund by \$3,448, \$350 and \$2,196 for the year ended December 31, 2007; in addition, appropriations exceeded estimated resources in the Street Construction, Maintenance and Repair Fund and in the Parks and Recreation Fund by \$6,695 and \$1,447, respectively for the year ended December 31, 2008.

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.

Public utilities are also taxed on personal and real property located within the Village.

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, 2008 was as follows:

	Principal	Interest Rate
Police Cruiser	\$8,795	4.2%

The Village signed a promissory note with Consumers National Bank on May 14, 2008 for \$10,176 for the purchase of a police cruiser. The loan is collateralized by the Village's taxing authority.

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

Year ending December 31:	Promissory Note
2009	2,768
2010	2,768
2011	2,768
2012	1,153
Total	\$9,457

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2008, OPERS members contributed 9.5 and 10%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85 and 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. COMPLIANCE

Contrary to Ohio law, the Fiscal Officer did not deposit cash receipts to the bank on a timely basis. Also, contrary to Ohio law, the Mayor did not maintain a docket book to document the disposition of each case. In addition, records that should have been maintained were destroyed and not available for audit contrary to provisions of Ohio law.

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Dave Yost • 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 Summitville
Columbiana County
P.O. Box #56
Summitville, Ohio 43962

To the Village Council:

We have audited the financial statements of the Village of Summitville, Columbiana County, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 6, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted 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(A) mandates the Auditor of State to audit Ohio governments. We were unable to express an opinion on the Fines, Licenses and Permit receipts and Other Operating disbursements of the Mayor's Court Agency Fund for the years ended December 31, 2008 and 2007 because we were unable to obtain sufficient evidence to support the 2007 and 2008 Fines, Licenses and Permit receipts and Other operating disbursements reported for this fund. We also qualified our opinion on the Fines, Licenses and Permits receipts reported within the General fund because we were not able to obtain sufficient evidence to reasonably assure completeness. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-04 and 2009-05 described in the accompanying schedule of findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-01 through 2008-05.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 6, 2011.

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



Dave Yost
Auditor of State

September 6, 2011

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Noncompliance Citation

Ohio Revised Code Section 9.38 states, in part, that “public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt.

For example, a government employee, other than the fiscal officer collecting funds and issuing a receipt, must deposit the funds with the government’s fiscal officer on the business day following the day of receipt. As an alternative to depositing the funds with the government’s fiscal officer, the employee instead may deposit funds with the government’s designated depository on the business day following the day of receipt.

If the amount of daily receipts does not exceed \$1,000 **and** the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.”

The Fiscal Officer did not make timely deposits of cash receipts. At December 31, 2008, the Village’s deposits in transit totaled \$11,142, made up of 21 receipts some of which dated back to October 2008. Per review of the January 2009 bank statement, these receipts still had yet to be deposited in the Village’s bank account. We noted that this was a usual occurrence throughout fiscal years 2007 and 2008.

The Village Council should implement policies and procedures requiring the Fiscal Officer to deposit the receipts in a more timely manner.

FINDING NUMBER 2010-02

Noncompliance Citation

Ohio Revised Code Section 5705.39 provides in part that “total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.”

Total appropriations exceeded estimated resources (plus unencumbered balance) at year end, in the following funds for the year ended 12/31/08 and 12/31/07:

**FINDING NUMBER 2010-02
 (Continued)**

Fund Name	Total Estimated Resources	Total Appropriations	Variance
2008			
Street, Construction, Maintenance & Repair	\$6,467	\$13,462	(\$6,995)
Parks & Recreation	\$5,090	\$6,537	(\$1,447)
2007			
General	\$43,247	\$46,695	(\$3,448)
Street, Construction, Maintenance & Repair	\$19,757	\$20,107	(\$350)
Parks & Recreation	\$3,016	\$5,212	(\$2,196)

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash balances. The Village should compare appropriations to estimated resources and if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Village Council to reduce the appropriations.

FINDING NUMBER 2010-03

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) states, in part, that no orders or contracts involving the expenditure of money are to be made unless a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated 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

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 the fiscal officer can certify both at the time that the contract or order was made (then) at the time that the fiscal officer is completing the certification (now), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of the (then and now) certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

**FINDING NUMBER 2010-03
(Continued)**

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. 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 account in a specified fund upon certification of the fiscal office for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not properly certify or record the amount against the applicable appropriation accounts for 52% and 58% of tested expenditures in 2008 and 2007, respectively. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending in negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is 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 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.

The Village should certify purchases to which section Ohio Revised Code § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code § 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code § 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2010-04

Noncompliance Citation/Material Weakness

Ohio Revised Code Section 149.351(A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be other removed, transferred, or destroyed unlawfully.

Tickets issued for violations, the Mayor's court cashbook, the Mayor's Court docket and monthly reports to Council are the property of the Mayor's Court and none of these records were available for audit. In addition, there were no rules adopted by a records commission to provide exceptions. We were unable to obtain sufficient evidential matter supporting the amounts recorded as Fines, Licenses and Permits receipts and Other Operating disbursements reported in the Mayor's Court Fund for the years ending December 31, 2008 and 2007.

**FINDING NUMBER 2010-04
(Continued)**

The Village Council should establish a records retention policy and a records commission, who would be responsible for adopting a records retention schedule. The Mayor and the Mayor's court clerk should maintain court records as provided by the policy and the schedule.

FINDING NUMBER 2008-05

Noncompliance Citation/Material Weakness

Ohio Revised Code Section 1905.21 states that the mayor of a municipal corporation and a mayor's court magistrate shall keep a docket. Neither the mayor of a municipal corporation nor a mayor's court magistrate shall retain or receive for his own use any of the fines, forfeitures, fees or costs he collects. The mayor shall account for and dispose of all fines, forfeitures fees and costs he collects as provided in section 733.40 of the Ohio Revised Code.

The Mayor did not keep a docket to account for the fines forfeitures, fees or costs he collected or the disposition of the fines, forfeitures, fees and costs collected. We were unable to obtain sufficient evidential matter supporting the amounts recorded as Fines, Licenses and Permits receipts and Other Operating disbursements reported in the Mayor's Court Fund for the years ending December 31, 2008 and 2007.

The Mayor should review the provisions of the Ohio Revised Code in regards to Mayor's Court and maintain a docket to account for the collection and disposition of all fines, forfeitures, fees and costs he collects. Docket entries should be made on timely basis and include a complete record of each court case.

Officials' Response:

We did not receive a response from officials to the findings reported above.



Dave Yost • Auditor of State

VILLAGE OF SUMMITVILLE

COLUMBIANA 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 22, 2011