



Dave Yost • Auditor of State

VILLAGE OF LIMAVILLE
STARK COUNTY

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Dave Yost • Auditor of State

Cover Letter

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

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 28, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Limaville
Stark County
40 Atwater Avenue
Limaville, OH 44640

To the Village Council:

We have audited the accompanying financial statements of the Village of Limaville, Stark County, (the Village) as of and for the years ended December 31, 2011 and 2010. 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.

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 Government 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 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 Government'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 the Village to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 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 2011 and 2010, or its changes in financial position for the years then ended.

During 2011 and 2010, the Village of Limaville recorded \$3,032 and \$3,145, respectively in the Special Revenue Fund Type instead of the General fund. Section 5705.10 (A) of the Ohio Revised Code states revenue derived from a general levy shall be paid into the General Fund. Had the revenue been properly recorded in the General Fund, the effect would have been to decrease revenue in the Special Revenue Fund type by \$3,032 and \$3,145 for 2011 and 2010, respectively and decrease the cash balance to \$6,613 and \$9,813 for 2011 and 2010, respectively. The effect would also be to increase revenue in the General Fund by \$3,032 and \$3,145 for 2011 and 2010 respectively and increase the General Fund cash balance to \$8,907 and \$6,574 for 2011 and 2010, respectively.

In our opinion, except for the matter referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Village of Limaville, Stark County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As discussed in Note 8 to the financial statements, The Village failed to renew the operating levy which could result in significant losses to the Village. Note 8 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012 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.



Dave Yost
Auditor of State

September 28, 2012

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$14,161		\$14,161
Intergovernmental		8,119	8,119
Charges for Services	843		843
Fines, Licenses and Permits	2,621		2,621
Earnings on Investments	1		1
Miscellaneous	1,829		1,829
<i>Total Cash Receipts</i>	<u>19,455</u>	<u>8,119</u>	<u>27,574</u>
Cash Disbursements			
Current:			
Security of Persons and Property	1,200		1,200
Public Health Services	750		750
Leisure Time Activities	5,308		5,308
Basic Utility Services	2,960		2,960
Transportation		8,287	8,287
General Government	9,936		9,936
<i>Total Cash Disbursements</i>	<u>20,154</u>	<u>8,287</u>	<u>28,441</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(699)</u>	<u>(168)</u>	<u>(867)</u>
<i>Fund Cash Balances, January 1</i>	<u>3,429</u>	<u>12,958</u>	<u>16,387</u>
Fund Cash Balances, December 31			
Restricted	0	12,790	12,790
Unassigned	2,730	0	2,730
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,730</u></u>	<u><u>\$12,790</u></u>	<u><u>\$15,520</u></u>

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

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$15,299		\$15,299
Intergovernmental		\$8,190	8,190
Charges for Services	940		940
Fines, Licenses and Permits	2,810		2,810
Earnings on Investments	2		2
Miscellaneous	13,250		13,250
	<hr/>		<hr/>
Total Cash Receipts	32,301	8,190	40,491
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	128		128
Public Health Services	596		596
Leisure Time Activities	2,677		2,677
Basic Utility Service	3,000		3,000
Transportation		5,705	5,705
General Government	27,860		27,860
	<hr/>		<hr/>
Total Cash Disbursements	34,261	5,705	39,966
	<hr/>		<hr/>
Total Receipts Over/(Under) Disbursements	(1,960)	2,485	525
	<hr/>		<hr/>
Fund Cash Balances, January 1	5,389	10,473	15,862
	<hr/>		<hr/>
Fund Cash Balances, December 31	\$3,429	\$12,958	\$16,387
	<hr/> <hr/>		<hr/> <hr/>

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

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Limaville, Stark County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides government services and maintenance of roads and bridges. The Village contracts with Lexington Township to provide security of persons, and property and fire protection services.

The Village participates in one jointly governed organization, the Stark County Regional Planning Commission and one risk pool, the Ohio Municipal Joint Self Insurance Pool. Notes 6 and 7 to the financial statements provide additional information for these entities.

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

B. Accounting Basis

For 2011 and 2010 the 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 has no investments. Cash consists of demand deposits.

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 Fund:

VILLAGE OF LIMAVILLE
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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 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 cancelled and reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

VILLAGE OF LIMAVILLE
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

G. 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.

2. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand deposits	<u>\$15,520</u>	<u>\$16,387</u>

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

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,681	\$19,456	(\$225)
Special Revenue	7,660	8,119	459
Total	\$27,341	\$27,575	\$234

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$20,172	\$20,155	\$17
Special Revenue	6,440	8,287	(1,847)
Total	\$26,612	\$28,442	(\$1,830)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,514	\$32,300	(\$5,214)
Special Revenue	4,087	8,190	4,103
Total	\$41,601	\$40,490	(\$1,111)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,257	\$33,031	(\$774)
Special Revenue	4,400	5,705	(1,305)
Total	\$36,657	\$38,736	(\$2,079)

The above amounts do not reflect audit adjustments.

Contrary to Ohio law, the Village did not properly certify expenditures, allocated unrestricted monies to restricted funds, and had actual disbursements that exceeded appropriations.

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(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. Retirement Systems

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.

6. Risk Management

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self Insurance Pool (the "Pool"), an un-incorporated nonprofit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements, and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at December 31, 2010, retention levels are \$150,000 for property and casualty coverage.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at December 31, 2010 and 2009 (the latest information available).

	<u>2010</u>	<u>2009</u>
Assets	\$1,950,167	\$ 2,109,514
Liabilities	<u>(1,656,732)</u>	<u>(1,920,839)</u>
Accumulated deficit	<u>\$293,435</u>	<u>\$188,675</u>

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Jointly Governed Organizations

The Village is associated with the Stark County Regional Planning Commission (the Commission) as a Jointly Governed Organization. The Commission is a statutorily-created political subdivision of the State. The Commission is jointly governed among Stark County municipalities and township's. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Village contributed \$50 in 2010 and 2011 to the Commission.

8. Operating Levy

The Village failed to renew their operating levy in 2011 which could result in significant losses to the Village. In 2012 the Village's elected officials have taken voluntary pay deductions and will not be receiving any salary during 2012. The Village also received a \$2,500 donation from the Bank of Magnolia which will be used to fund 2012 operations. Also Village officials have conversed with County officials regarding budgets. The Village will only be spending what they receive in revenue and will not spend any carryover.



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 Limaville
Stark County
40 Atwater Avenue
Limaville, OH 44640

To the Village Council:

We have audited the financial statements of the Village of Limaville, Stark County, (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 28, 2012 wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We qualified our opinion because the Village recorded unrestricted revenue in restricted funds). 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 also noted during 2011 the Village adopted *Governmental Accounting Standards Board* Statement No. 54, and the Village failed to renew an operating levy. 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 Government'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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 finding 2011-002 described in the accompanying schedule of findings to be a material weakness.

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 2011-001 through 2011-003.

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 28, 2012.

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 28, 2012

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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ORC 5705.41(D)

<i>Finding Number</i>	2011-001
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit 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 certifying 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 the fiscal officer can certify that both at the time that the contract or order was made (“then”), and 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 encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 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.

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 officer 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.

ORC 5705.41(D) (Continued)

<i>Finding Number</i>	2011-001 (Continued)
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NONCOMPLIANCE (Continued)

During our testing of non-payroll expenditures, we noted 11 of 36 expenditures (or 31%) tested were not properly certified by the Clerk/Treasurer prior to incurring the obligation. It was also found that none of the three exceptions above were utilized for the transactions found to be in noncompliance.

The Clerk/Treasurer should ensure all funds are encumbered prior to incurring an obligation of the Village. If it is not possible for the Village to issue a purchase order prior to incurring an obligation, the Clerk/Treasurer should utilize a "Then and Now" Certificate. Failure to properly certify funds could lead to the Village incurring obligations it cannot meet.

Posting Receipts

<i>Finding Number</i>	2011-002
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NONCOMPLIANCE/MATERIAL WEAKNESS/FINDING FOR ADJUSTMENT

Ohio Rev. Code Section 5705.10 (A) states all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.

The Village recorded several transactions incorrectly. Incorrect postings identified included the following:

In 2011 and 2010 Homestead and Rollback Revenue was posted to the Street Construction Maintenance and Repair and State Highway Funds rather than the General Fund. The General Fund was understated and the Street Construction Maintenance and Repair Fund (SCMR) and State Highway Fund were overstated by the following amounts:

	General Fund	SCMR	State Highway
2011	\$3,032	(\$2,805)	(\$277)
2010	3,145	(2,909)	(236)

Had the revenue been properly recorded in the General Fund, the effect on the fund balances of the General and Special Revenue Funds would have been as follows:

	General Fund	Special Revenue Fund
2011 – Current Balance	\$2,730	\$12,790
2011 – Adjusted Balance	8,907	6,613
2010 – Current Balance	3,429	12,958
2010 – Adjusted Balance	6,574	9,813

Posting Receipts (Continued)

<i>Finding Number</i>	2011-002 (Continued)
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NONCOMPLIANCE/MATERIAL WEAKNESS/FINDING FOR ADJUSTMENT (Continued)

In 2011 and 2010, General Fund property and local taxes and intergovernmental revenue were overstated and understated by \$2,721 and \$2,816, respectively. These errors occurred because local government revenue receipts were improperly posted to property and local taxes.

In 2011 and 2010, General Fund real estate taxes were posted at net instead of gross, therefore receipts and expenditures were understated by \$743 and \$770, respectively.

The Village should exercise due care when posting transactions to help ensure receipts and disbursements are posted to proper accounts. Additionally, Council should review monthly receipt and disbursement activity report to help ensure transactions are properly classified and consistent with management's expectations. This will help to more accurately reflect the Village's financial activity and will aid in more accurate financial reporting. In accordance with the foregoing facts we hereby issue a finding for adjustment against the Street Construction Maintenance and Repair Fund in favor of the General Fund in the amounts of \$2,805 and \$2,909 for 2011 and 2010 respectively and against the State Highway Fund and in favor of the General Fund in the amounts of \$227 and \$236 for 2011 and 2010, respectively.

ORC 5705.41(B)

<i>Finding Number</i>	2011-003
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2010, the Village had actual disbursements exceed total appropriations in the General Fund by \$774 and in the SCMR Fund by \$1,305. In 2011, the Village had actual disbursements exceed total appropriations in the SCMR Fund by \$1,847.

The Village should ensure all expenditures are within properly approved and certified appropriations. This may help ensure the Village does not overspend.

Official's Response: We did not receive a response from officials.

VILLAGE OF LIMAVILLE
STARK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	The Village recorded several transactions incorrectly.	No	Not Corrected, repeated as finding 2011-002



Dave Yost • 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
OCTOBER 23, 2012