



Dave Yost • Auditor of State



VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Salineville  
Columbiana County  
60 East Main Street  
Salineville, Ohio 43945

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Salineville, Columbiana County, (the Village) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Qualified and Unmodified Opinions on Regulatory Basis of Accounting* paragraphs below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012 or changes in financial position or cash flows thereof for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

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 year ending December 31, 2012. Fines, Licenses and Permits receipts were reported as \$3,881 which is 100% of total revenue for the year ended December 31, 2012. Other operating disbursements were reported as \$6,982, which is 100% of total operating disbursements for the year ended December 31, 2012. 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 for 2012 nor were we able to gain assurance through alternative procedures.

Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the General and Agency funds of the Village of Salineville, Columbiana County as of December 31, 2012, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Special Revenue, Permanent and Enterprise funds of the Village of Salineville, Columbiana County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended and the combined cash balances of the General and Agency funds as of December 31, 2013 and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provision Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 30, 2016

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**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$55,753	\$85,066		\$140,819
Municipal Income Tax	129,580			129,580
Intergovernmental	37,488	68,165		105,653
Charges for Services		3,153		3,153
Fines, Licenses and Permits	135	248		383
Earnings on Investments		2	\$1	3
Miscellaneous		3,009		3,009
<i>Total Cash Receipts</i>	<u>222,956</u>	<u>159,643</u>	<u>1</u>	<u>382,600</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	89,887	32,977		122,864
Public Health Services		20,288		20,288
Transportation	1,298	76,583		77,881
General Government	118,928	3,084		122,012
Debt Service:				
Principal Retirement		2,429		2,429
Interest and Fiscal Charges		711		711
<i>Total Cash Disbursements</i>	<u>210,113</u>	<u>136,072</u>	<u>0</u>	<u>346,185</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,843</u>	<u>23,571</u>	<u>1</u>	<u>36,415</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		11,000		11,000
Transfers Out	(11,000)			(11,000)
Advances In	18,000			18,000
Other Financing Sources	9,709	1,088		10,797
<i>Total Other Financing Receipts (Disbursements)</i>	<u>16,709</u>	<u>12,088</u>	<u>0</u>	<u>28,797</u>
<i>Net Change in Fund Cash Balances</i>	29,552	35,659	1	65,212
<i>Fund Cash Balances, January 1</i>	<u>7,587</u>	<u>155,201</u>	<u>9,612</u>	<u>172,400</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			9,613	9,613
Restricted		145,461		145,461
Assigned	35,658			35,658
Unassigned (Deficit)	1,481	45,399		46,880
<i>Fund Cash Balances, December 31</i>	<u>\$37,139</u>	<u>\$190,860</u>	<u>\$9,613</u>	<u>\$237,612</u>

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

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$255,597		\$255,597
Fines, Licenses and Permits		\$287	287
Miscellaneous	5,087		5,087
<i>Total Operating Cash Receipts</i>	<u>260,684</u>	<u>287</u>	<u>260,971</u>
<b>Operating Cash Disbursements</b>			
Personal Services	18,740		18,740
Employee Fringe Benefits	1,570		1,570
Contractual Services	65,274		65,274
Supplies and Materials	21,679		21,679
Claims	233		233
Other	16,446	285	16,731
<i>Total Operating Cash Disbursements</i>	<u>123,942</u>	<u>285</u>	<u>124,227</u>
<i>Operating Income (Loss)</i>	<u>136,742</u>	<u>2</u>	<u>136,744</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	71,596		71,596
Principal Retirement	(73,035)		(73,035)
Interest and Other Fiscal Charges	(52,061)		(52,061)
Other Financing Sources	2,400		2,400
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(51,100)</u>	<u>0</u>	<u>(51,100)</u>
<i>Income (Loss) before Transfers and Advances</i>	85,642	2	85,644
Transfers In	23,447		23,447
Transfers Out	(23,447)		(23,447)
Advances Out	(18,000)		(18,000)
Net Change in Fund Cash Balances	67,642	2	67,644
Fund Cash Balances, January 1	<u>24,496</u>	<u>0</u>	<u>24,496</u>
Fund Cash Balances, December 31	<u><u>\$92,138</u></u>	<u><u>\$2</u></u>	<u><u>\$92,140</u></u>

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

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$57,020	\$82,432	\$0	\$139,452
Municipal Income Tax	119,602			119,602
Intergovernmental	42,205	72,354		114,559
Charges for Services		6,135		6,135
Fines, Licenses and Permits	2,570	356		2,926
Miscellaneous	1,105	3,700		4,805
<b>Total Cash Receipts</b>	<u>222,502</u>	<u>164,977</u>	<u>0</u>	<u>387,479</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	86,306	70,420		156,726
Public Health Services		22,996		22,996
Basic Utility Services		1,000		1,000
Transportation	1,298	63,632		64,930
General Government	108,824	5,628		114,452
Debt Service:				
Principal Retirement		2,327		2,327
Interest and Fiscal Charges		813		813
<b>Total Cash Disbursements</b>	<u>196,428</u>	<u>166,816</u>	<u>0</u>	<u>363,244</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	<u>26,074</u>	<u>(1,839)</u>	<u>0</u>	<u>24,235</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		15,500		15,500
Transfers Out	(15,500)			(15,500)
Advances In		2,500		2,500
Advances Out	(20,500)			(20,500)
Other Financing Sources	9,489	3,478		12,967
<b>Total Other Financing Receipts (Disbursements)</b>	<u>(26,511)</u>	<u>21,478</u>	<u>0</u>	<u>(5,033)</u>
<b>Net Change in Fund Cash Balances</b>	<u>(437)</u>	<u>19,639</u>	<u>0</u>	<u>19,202</u>
<b>Fund Cash Balances, January 1</b>	<u>8,024</u>	<u>135,562</u>	<u>9,612</u>	<u>153,198</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			9,612	9,612
Restricted		155,201		155,201
Assigned	7,587			7,587
<b>Fund Cash Balances, December 31</b>	<u>\$7,587</u>	<u>\$155,201</u>	<u>\$9,612</u>	<u>\$172,400</u>

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

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$192,377		\$192,377
Fines, Licenses and Permits		\$3,881	3,881
Miscellaneous	358		358
<i>Total Operating Cash Receipts</i>	<u>192,735</u>	<u>3,881</u>	<u>196,616</u>
<b>Operating Cash Disbursements</b>			
Personal Services	15,216		15,216
Employee Fringe Benefits	2,021		2,021
Contractual Services	58,012		58,012
Supplies and Materials	61,873		61,873
Other	16,368	6,982	23,350
<i>Total Operating Cash Disbursements</i>	<u>153,490</u>	<u>6,982</u>	<u>160,472</u>
<i>Operating Income (Loss)</i>	<u>39,245</u>	<u>(3,101)</u>	<u>36,144</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	71,674		71,674
Principal Retirement	(70,535)		(70,535)
Interest and Other Fiscal Charges	(54,639)		(54,639)
Other Financing Sources	1,070		1,070
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(52,430)</u>	<u>0</u>	<u>(52,430)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(13,185)</u>	<u>(3,101)</u>	<u>(16,286)</u>
Transfers In	54,882		54,882
Transfers Out	(54,882)		(54,882)
Advances In	18,000		18,000
Net Change in Fund Cash Balances	4,815	(3,101)	1,714
Fund Cash Balances, January 1	<u>19,681</u>	<u>3,101</u>	<u>22,782</u>
Fund Cash Balances, December 31	<u><u>\$24,496</u></u>	<u><u>\$0</u></u>	<u><u>\$24,496</u></u>

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

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

**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 Salineville, Columbiana County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, road maintenance, cemetery services, general government and police services. The Village contracts with the Salineville Volunteer Fire Department for 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fire Levy - This fund receives levied property tax that helps maintain fire service to the Village.

Cemetery Fund -This fund receives money from property taxes and burial costs.

**3. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Flower 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:

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

Water Bond Debt Service Charge-This fund receives money from Buckeye Water District for the payment of water bond debt.

Sewer Bond Debt Reserve Fund-This fund receives a portion of the charges from residents for sewer debt costs.

**5. 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.

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 account is the Magistrate Court Activity. The Magistrate (Mayor's) Court is no longer operating; although, old fines do come in and get disbursed as required by law.

VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 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 canceled, and re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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.

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.

VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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.

H. 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 AND INVESTMENTS

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

	2013	2012
Demand deposits	<u>\$329,752</u>	<u>\$196,896</u>

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



**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 2013 and 2012 (including audit adjustments) follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$216,429	\$250,665	\$34,236
Special Revenue	210,408	171,731	(38,677)
Enterprise	335,288	358,127	22,839
Permanent	3	1	(2)
Total	<u>\$762,128</u>	<u>\$780,524</u>	<u>\$18,396</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$53,012	\$229,525	(\$176,513)
Special Revenue	68,845	142,662	(73,817)
Enterprise	112,106	251,039	(138,933)
Permanent	0	0	0
Total	<u>\$233,963</u>	<u>\$623,226</u>	<u>(\$389,263)</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$177,709	\$231,991	\$54,282
Special Revenue	171,741	186,455	14,714
Enterprise	301,500	338,361	36,861
Permanent	0	0	0
Total	<u>\$650,950</u>	<u>\$756,807</u>	<u>\$105,857</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$337,129	\$240,440	\$96,689
Special Revenue	252,608	173,261	79,347
Enterprise	294,619	280,770	13,849
Permanent	20	0	20
Total	<u>\$884,376</u>	<u>\$694,471</u>	<u>\$189,905</u>

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Sewer Operating Fund for the year ended December 31, 2012 and in the General, Street Construction and Maintenance, and Sewer Operating Funds for the year ended December 31, 2013.

**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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Waterline replacement OPWC CN17A	\$72,900	0%
OPWC CT 46E water sys. Improve phasell	57,007	0%
USDA - Water System Mortgage Revenue Bonds	787,700	4.13%
USDA - Water System Mortgage Revenue Bonds	181,100	4.13%
USDA Dump Truck Loan	13,833	4.38%
Water General Plan (OWDA)	8,143	2.20%
GMAC Financing - Sewer Mortgage Revenue Bonds	188,000	5.00%
Total	<u>\$1,308,683</u>	

The Village secured a General Obligation Bond of \$25,000 through the United States Department of Agriculture Rural Development for the purchase of a dump truck and plow.

The Sanitary Sewer Mortgage Revenue Bonds were used to construct a sewer system for the Village. The original bonds amounted to \$888,900 and are dated February 1, 1979. The bonds are collateralized by sewer receipts for 30 years and mature in 2018.

The Ohio Public Works Commission (OPWC) loans relate to the waterline replacement project in the Village. The initial loan of the first issue approved in 1999, was \$243,000. In addition, the OPWC approved a second loan of \$91,000 for this project. The loans are collateralized by the utility receipts.

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**6. DEBT (Continued)**

Ohio Water Development Authority (OWDA) in 2006 for water improvements for in the Village. The bonds are collateralized by utility receipts.

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds were used for water system improvements in the Village. Both were issued in 2005 with original issue amounts of \$870,000 and \$200,000.

Buckeye Water Authority took over the water operations of the Village in 2007 and remits directly the debt payments for the OWDA loan and remits payments to the Village for the OPWC loans and USDA Mortgage Revenue Bonds. The debt remains in the Village's name.

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

Year ending December 31:	Waterline replacement OPWC CN17A	OPWC Loan CT46E	USDA USDA WTP	USDA Water treatment	USDA Dump truck	Water General Plan	GMAC Financing
2014	\$12,150	\$4,385	\$44,793	\$10,270	\$3,140	\$2,215	\$53,400
2015	12,150	4,385	44,685	10,355	3,140	2,170	53,200
2016	12,150	4,385	44,861	10,231	3,140	2,125	52,900
2017	12,150	4,385	44,709	10,307	3,140	2,080	52,500
2018	12,150	4,385	44,839	10,275	3,008		
2019-2023	12,150	21,926	223,851	51,507			
2024-2028		13,155	223,865	51,504			
2029-2033			223,891	51,452			
2034-2038			223,892	51,457			
2039-2043			223,873	51,451			
2043-2045			89,551	20,609			
Total	\$72,900	\$57,007	\$1,432,809	\$329,419	\$15,569	\$8,591	\$212,000

**7. RETIREMENT SYSTEMS**

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. 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 2013 and 2012, OP&F participants contributed 10.75% and 10.5%, respectively, of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

**9. SUBSEQUENT EVENTS**

In February 2015, the Village and the Ohio Water Development Authority (OWDA) entered into a \$135,955 loan agreement for the design of the Village's Phase 2 Wastewater Treatment Facility Rehabilitation Project. The loan is for 5 years with an interest rate of 3.06% and estimated semiannual payments of \$14,869 beginning July 1, 2016.

On October 3, 2016, Village Council approved Ordinance 006-2016 which states in part the Village will cease further maintenance and operation of its public water supply, treatment, and distribution system and transfer the system, in its entirety, to Buckeye Water District (the District). As part of the proposed agreement, the District would assume and pay the obligations of the Village which were incurred by the Village in the construction and extension of the system. As of the date of this report, the final agreement had not been executed.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Salineville  
Columbiana County  
60 East Main Street  
Salineville, Ohio 43945

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Salineville, Columbiana County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as Fines, Licenses and Permit receipts and Other Operating disbursements of the Mayor's Court Agency Fund for 2012. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as Fines, Licenses and Permits receipts reported within the General fund for 2012.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2013-001, 2013-002, 2013-006, and 2013-007, described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-003 and 2013-008, described in the accompanying schedule of findings to be significant deficiencies.

***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, opining 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 2013-001 through 2013-005.

***Entity's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 30, 2016

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

**1. Timely Remittance of Payroll Withholdings**

<i>Finding Number</i>	2013-001
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NONCOMPLIANCE AND MATERIAL WEAKNESS

**26 USC Sections 3102 and 3402** require the employing government to withhold federal and employment related taxes (such as Medicare and Social Security) from each employee. Furthermore, these chapters hold employers liable for reporting and payment of these taxes.

**Ohio Revised Code Section 5747.07 (B)** states that, with certain exceptions, every employer required to deduct and withhold any amount under Ohio Revised Code Section 5747.06 shall file a return and shall pay the amount required by law in accordance with guidelines provided by this section.

The Village properly withheld federal and state income taxes from employee payroll checks but did not file the required returns and remit the taxes to the Federal and State Governments during 2012 or 2013 in a timely manner.

A payment of \$3,054.60 to satisfy the 2013 state tax liability, including penalties, fees and interest was paid on February 13, 2015. A payment of \$55.69 to satisfy the 2012 state tax liability, including penalties, fees and interest was paid on December 3, 2013.

The IRS reported as of July 21, 2015, the Village had not filed any of the four required quarterly tax returns for 2012 nor had the Village remitted withholdings for the fourth quarter of 2012. Payments totaling \$2,625.44 to satisfy the second quarter 2013 federal tax liability were not paid until November 12, 2013. The Village has been in contact with the IRS and is currently reconciling and identifying amounts owed.

The Village should file the required tax returns and remit withholdings in a timely manner in compliance with 26 USCS 3102 and 3402 and ORC 5747.07. Additionally, the Village should implement procedures to help ensure all tax filings/payments are met.

**Official's Response:** Timely remittance of payroll with holdings: There has been a significant turnover of Fiscal officers since 2012. Our current Fiscal Officer, Patti Gibson, is the fifth Fiscal Officer since 2012. She was hired June 30, 2014; Patti had found all of the State Tax withholdings checks in a file folder; the checks were all signed but never sent. It has been taken care of and from then forward all State tax withholdings are paid in a timely manner. Working with John Darr from the IRS we have filed all the delinquent 941 quarterly reports along with any Federal withholding tax that was owed. We are waiting on the penalties and interest that will be assessed. The 2012 W-2's were not filed and we are filing the W-2 reports also.

**2. Ohio Rev. Code Section 1905.21 – Mayor’s Court**

<i>Finding Number</i>	2013-002
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NONCOMPLIANCE AND 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/her own use any of the fines, forfeitures, fees or costs he/she collects. A mayor's court magistrate shall account for all such fines, forfeitures, fees and costs he collects and transfer them to the mayor. The mayor shall account for and dispose of all fines, forfeitures, fees and costs he/she collects as provided in section 733.40 of the Ohio Revised Code.

The Village did not keep a cash book, duplicate receipts and a list of open items to account for the fines, forfeitures, fees or costs collected or the disposition of the fines, forfeitures, fees and costs collected for the period January 1, 2012 to July 31, 2012. We were unable to obtain sufficient evidential matter supporting the amounts recorded as Fines, Licenses and Permits in the General and Magistrate's Court Funds for the year ended December 31, 2012.

The Village should review the provisions of the Ohio Revised Code in regards to Magistrate's Court and maintain a cashbook, duplicate receipts, and a list of open items to account for the collection and disposition of all fines, forfeitures, fees and costs collected.

**Official’s Response:** There has been a significant turnover of Fiscal Officers. The Current Fiscal Officer, Patti Gibson, is the fifth Fiscal Officer since 2012. Mayors Court has been dissolved and everything is handled by Columbiana County Municipal Court.

**3. ORC 733.262 Duties of Village Fiscal Officer**

<i>Finding Number</i>	2013-003
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NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

**Ohio Revised Code Section 733.262(C)**, provides that a village fiscal officer appointed under this section shall perform the duties provided by law for the village clerk and treasurer and any other duties consistent with the nature of the office. **Ohio Revised Code Section 733.28** requires the village clerk keep the books of the village, exhibit accurate statements of all moneys received and expended, of all property owned by the village and income derived there from, and all taxes and assessments.

Non-payroll disbursements testing in 2013 and 2012 noted the following:

- There were ten instances in which the invoice is dated more than two months before the check is written, in 2013.
- There were eight instances in which the invoice and/or entire voucher packet was not maintained by the Village, in 2013.
- There were twenty instances in which the check number in UAN is not the same as the check number which cleared the bank account, in 2013.
- There was one instance in which the Village reimbursed an employee for taxes paid while purchasing supplies, this totaled \$7.67 in 2012.



- There was one instance in which the Village reimbursed a council member \$125 for a purchase which lacked appropriate documentation in 2012.

Over the Counter receipts testing in 2013 and 2012 noted the final receipt in each year was not recorded in the account system until the following fiscal year.

Payroll disbursement testing noted seven instances in which the check number in UAN is not the same as the check number which cleared the bank account, in 2013. In addition, a retirement withholding payment was made October 1, 2012; however, the expenditure was not recorded in the UAN system until December 31, 2012.

Not having control procedures in place to keep accurate statements can lead to not posting and incorrectly posting transactions to the UAN system and weaknesses in monitoring financial condition of the Village.

The Village should establish control procedures to help ensure the Fiscal Officer maintains accurate statements of all receipts and disbursements of the Village. In addition, the Village should ensure all invoices are paid in a timely manner and supporting documentation is maintained. All checks clearing the bank should correspond directly with check numbers in the accounting system.

**Official's Response:** We now have a Fiscal Officer that has been employed with us since June 30, 2014; although she is part time she ensures that all invoices are paid in a timely manner. The checks being out of sequence is due to the fact when the large supply of checks were ordered they were not ordered in reverse order; so if they were not manually reversed then put in printer the check numbers would not correspond. We just received the next batch of checks and it was made sure they were put in reverse order so they will go thru the printer the correct way.

**4. Ohio Rev. Code Section 5705.41(B) - Disbursements Exceeded Appropriations**

<i>Finding Number</i>	2013-004
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NONCOMPLIANCE

**Ohio Revised Code Section 5705.41(B)** prohibits a subdivision from expending money unless it has been properly appropriated. Budgetary disbursements (that is, disbursements and encumbrances) as enacted by the Village may not exceed appropriations at the legal level for all funds.

The following funds had disbursements in excess of appropriations at December 31, 2013 and 2012 prior to audit adjustments:

<u>Fund/Accounts</u>	<u>Disbursements</u>	<u>Appropriations</u>	<u>Variance</u>
2012:			
Sewer Operating Fund	\$ 209,220	\$ 169,105	\$ 40,115
2013:			
General Fund	206,336	45,000	161,336
Street Construction and Maintenance	75,174	19,000	56,174
Sewer Operating Fund	163,235	55,000	108,235

The Village should verify all disbursements have proper appropriation authority prior to expending funds and compare appropriations to disbursements in all funds which are legally required to be budgeted, at the legal level of control, to maintain compliance with the above requirements. This may help ensure funds are not overspent and deficit fund balances do not occur.

**Official's Response:** There has been a significant turnover of Fiscal Officers. The Current Fiscal Officer, Patti Gibson, is the fifth Fiscal Officer since 2012. Appropriations are currently increased by Board approval; continuity of Fiscal Officer should help.

**5. Ohio Rev. Code Section 5705.10(D) - Receipt Posting**

<i>Finding Number</i>	2013-005
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NONCOMPLIANCE

**Ohio Rev. Code Section 5705.10 (D)** states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. A local government fund receipt of \$1,463 was posted to the Permissive Motor Vehicle License Fund when it should have been posted to General Fund - Intergovernmental.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data at year-end.

The adjustment was proposed and made against the Village's Permissive Motor Vehicle License Fund (2101), in favor of the Village's General Fund (1000) in the amount of \$1,463.

The Village should implement controls to help ensure receipts/transactions are reviewed to help ensure posting to the proper funds.

**Official's Response:** There has been a significant turnover of Fiscal Officers. The Current Fiscal Officer, Patti Gibson, is the fifth Fiscal Officer since 2012.

**6. Cash Reconciliations**

<i>Finding Number</i>	2013-006
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MATERIAL WEAKNESS

Cash reconciliations are a valuable tool for ensuring the accuracy and completeness of the Village's accounting records.

During the audit period, the Fiscal Officer(s) did not complete monthly reconciliations between the Village accounting records and bank balances. In addition, the monthly reconciliations were not completed for the Mayor's Court bank account.

The former Fiscal Officer(s) were provided an unauditable letter from the Auditor of State's office on June 19, 2014. The letter stated that the reconciliations were not performed for the period beginning January 1, 2012 through December 31, 2013. Local Government Services (LGS) was contracted with and completed the reconciliations.

Throughout 2012 and 2013 the former Fiscal Officer(s) were inconsistent in posting revenue and expenditures to the UAN accounting system. This resulted in 158 adjustments (from LGS) to the cash reconciliation during the two year period which affected the general fund, special revenue funds and proprietary funds. The net adjustment to the accounting system and financial statements was a negative \$26,153 impact on the overall fund balances and the adjustments ranged from a positive \$5,559 to a negative \$44,850 to differing funds. The ending book balance at December 31, 2013 for all funds was \$329,752.

Adjustments resulted from the following issues: not posting interest earned, revenue placed in the bank but not posted to UAN system, posting the same revenue twice in the UAN system, posting revenue to the incorrect funds, and not posting the wire transferred retirement system payments and bank charge-backs to the accounting system.

The prior year's audit report noted the former Fiscal Officer(s) had made erroneous postings to the fund balance. Based upon the proof-of-cash reconciliation all necessary funds were adjusted during calendar 2012 and 2013 and the adjustments have been posted to the financial statements and accounting records.

We noted that the former Fiscal Officer(s) made numerous errors during the audit period which consisted of the following which resulted in a reconciliation very difficult to determine completeness:

- Check numbers, both non-payroll and payroll alike, reflected one number in the accounting system and another number on the actual check.
- Adjustments to the system which were not easily understood.
- Not posting receipts the Village received in a timely manner.
- Not posting expenditures the Village incurred in a timely manner.
- Payments totaling \$28,744 processed in 2013 were posted to the accounting system in 2012.

The Fiscal Officer should reconcile the fund balances with the bank balances monthly and any differences should be documented and investigated. The Mayor's court clerk should perform a similar reconciliation of the mayor's court bank account. The Village should also implement procedures for the review/approval of the reconciliations and supporting documents.

**Official's Response:** There has been a significant turnover of Fiscal Officers. The Current Fiscal Officer, Patti Gibson, is the fifth Fiscal Officer since 2012. Reconciliations are done on a monthly basis and up to date.

**7. Financial Reporting**

<i>Finding Number</i>	2013-007
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MATERIAL WEAKNESS

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Village did not have policies and procedures in place for certain financial statement accounts, which led to the following items requiring audit adjustments to the financial statements:

1. The Village had significant reclassifications for receipts improperly posted during 2012 and 2013 within the General fund (ranging from \$1,580 to \$11,195) and Special Revenue funds (ranging from \$350 to \$13,180). The adjustments have been reflected in the financial statements.
2. The Village had adjustments in the General (\$13,517), Special Revenue (\$11,200), and Enterprise (\$4,026) funds for 2013 expenditures recorded in 2012. The adjustments have been reflected in the financial statements.
3. The Village did not record the activity for the Mayor's Court in 2012 (receipts of \$3,881 and expenditures of \$6,982) and 2013 (receipts of \$287 and expenditures of \$285). The adjustments have been reflected in the financial statements.
4. The Village incorrectly calculated fund balances under Governmental Accounting Standards Board (GASB) Statement 54 for the General Fund and Permanent Fund in 2012 and 2013. The General fund assigned fund balance should have been \$7,587 in 2012 and \$35,658 in 2013. The Permanent fund should have been reported as \$9,612 as nonspendable in 2012 and \$9,613 as nonspendable in 2013. The adjustments have been reflected in the financial statements.
5. The Village posted tax receipts net of related charges in the General fund (2013 - \$7,619 and 2012 - \$5,187) and in Special Revenue funds (2013 - \$692 and 2012 - \$385) rather than reflecting the gross activity. The adjustments have been reflected in the financial statements.
6. In both 2013 and 2012, debt payments of \$3,140 were recorded as street, maintenance and repair expenditures instead of debt principal and interest within the Special Revenue funds. The adjustments have been reflected in the financial statements.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

**Official's Response:** There has been a significant of Fiscal Officers. The Current Fiscal Officer, Patti Gibson, is the fifth Fiscal Officer since 2012.

**8. Developing and Implementing an Effective Monitoring Control System**

<i>Finding Number</i>	2013-008
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**SIGNIFICANT DEFICIENCY**

**Ohio Admin. Code Section 117-2-01 (A)** states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. Subsection (C)(5) provides that internal control consists of the following component, among others: monitoring, which is a process that assesses the quality of internal control performance over time.

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved. Effective monitoring controls assist management in assessing the quality of internal control performance over time. This process involves assessing the design and operation of controls on a timely basis and taking necessary corrective actions. Monitoring controls should assist management in identifying unexpected results and/or possible misstatements.

Some effective monitoring controls include:

- Regular review of monthly financial statements;
- Review of revenues and expenses with independently accumulated information (budgets, past performances, peer group representatives, etc.);
- Review of large or unusual fluctuations;
- Identification of unusual fluctuations;
- Comparison of financial statement position with financial projections and other internally prepared projections of financial position and operating results;
- Comparison of predefined key performance indicators based on the financial statements;
- Review of items which have been outstanding for extended periods of time (outstanding check listing for payroll and non-payroll transactions);
- Monitoring compliance with grant agreements;
- Ensuring that an adequate segregation of duties exists; and
- Review of monthly bank reconciliations by someone independent of their preparation.

The lack of effective monitoring controls has led to the misallocation or misstatement of Village funds, disbursement of funds contrary to the directives of the governing board and non-compliance with federal or state laws or regulations. This could result in a loss of funding from federal and state sources and errors or irregularities occurring in financial transactions which affect the bank reconciliations which could go undetected.

Management should prepare monthly financial statements and submit them to the Council at each regularly scheduled meeting. The Council should then review these financial statements and when satisfied as to their accuracy, approve them through the minute records. Management should also ensure the proper segregation of duties exists, including an independent review of the monthly bank reconciliations.

**Official's Response:** There has been a significant turnover of Fiscal Officers. The Current Fiscal Officer, Patti Gibson, is the fifth Fiscal Officer since 2012.

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**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-01	Ohio Revised Code Section 1905.21 – The Village did not maintain proper records over Mayor's Court	No	Not corrected, repeated as Finding 2013-002

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# Dave Yost • Auditor of State

VILLAGE OF SALINEVILLE

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 29, 2016