

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY, OHIO**

Financial Statements
(Audited)

For the Year Ended
December 31, 2017



Dave Yost • Auditor of State

Members of Council and Mayor
Village of Summitville
13705 State Route 664
Hanoverton, Ohio 43962

We have reviewed the *Independent Auditor's Report* of the Village of Summitville, Columbiana County, prepared by Julian & Grube, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Summitville is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

October 2, 2018

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**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Village of Summitville
Columbiana County
13705 State Route 644
Hanoverton, Ohio 44423

To the Members of Council and Mayor:

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 Summitville, Columbiana County, Ohio, as of and for the year ended December 31, 2017.

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 of Summitville'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 of Summitville's internal control. Accordingly, we express no such 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 2 of the financial statements, the Village of Summitville 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 of Summitville 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 *Opinion on Regulatory Basis of Accounting* paragraph 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 of Summitville as of December 31, 2017, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Summitville, Columbiana County, Ohio, as of December 31, 2017, 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(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2018, on our consideration of the Village of Summitville'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 of Summitville's internal control over financial reporting and compliance.



Julian & Grube, Inc.
July 27, 2018

Village of Summitville, Ohio
Columbiana County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$6,755	\$5,523	\$12,278
Intergovernmental	28,504	6,402	34,906
<i>Total Cash Receipts</i>	<u>35,259</u>	<u>11,925</u>	<u>47,184</u>
Cash Disbursements			
Current:			
Security of Persons and Property	231	3,162	3,393
Public Health Services	598	0	598
Leisure Time Activities	11,569	20	11,589
Community Environment	4,766	0	4,766
Basic Utility Services	4,553	0	4,553
Transportation	0	1,192	1,192
General Government	14,124	4	14,128
<i>Total Cash Disbursements</i>	<u>35,841</u>	<u>4,378</u>	<u>40,219</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(582)</u>	<u>7,547</u>	<u>6,965</u>
<i>Net Change in Fund Cash Balances</i>	(582)	7,547	6,965
<i>Fund Cash Balances, January 1</i>	<u>13,072</u>	<u>19,048</u>	<u>32,120</u>
Fund Cash Balances, December 31			
Restricted	0	26,595	26,595
Unassigned (Deficit)	12,490	0	12,490
<i>Fund Cash Balances, December 31</i>	<u><u>\$12,490</u></u>	<u><u>\$26,595</u></u>	<u><u>\$39,085</u></u>

See accompanying notes to the financial statements

Village of Summitville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Summitville (the Village), Columbiana County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, park operations, and police services.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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, as required by the Ohio Revised Code, accounts for the portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the Village.

Fire Levy Fund – This fund receives tax levy monies for the Village's contracted fire services.

Park and Recreation Fund – This fund receives tax levy monies for the Village's contracted park services.

Basis of Accounting

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).

Village of Summitville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies – (Continued)

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.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) budgeted annually.

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.

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.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not properly encumber all commitments required by Ohio law.

A summary of 2017 budgetary activity appears in Note 3.

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. The Village did not have any investment activity during 2017.

Capital Assets

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

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.

Village of Summitville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies – (Continued)

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:

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

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.

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.

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.

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.

Village of Summitville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,876	\$35,259	\$3,383
Special Revenue	1,824	11,925	10,101
Total	\$33,700	\$47,184	\$13,484

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,340	\$35,841	\$11,499
Special Revenue	19,166	4,378	14,788
Total	\$66,506	\$40,219	\$26,287

Note 4 - Deposits and Investments

The Village maintains a deposit 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:

	2017
Demand deposits	\$39,085
<i>Deposits</i>	

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

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Village of Summitville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 - Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Note 6 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Village of Summitville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Risk Management - (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Social Security

Two Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017.

Village of Summitville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 - Debt

During 2017, the Village did not have any outstanding debt.

Note 10 - Construction and Contractual Commitments

The Village applied for a grant to redo the basketball court in the Village. The Village received a \$20,000 grant and was able to repave the basketball court, install new lighting, new basketball rims, new basketball nets, and new tennis nets. This project will be completed early 2018.

Note 11 - Contingent Liabilities

The Village is currently not party to any legal proceedings.

Note 12 - Compliance

The Village is in noncompliance with Ohio Revised Code Sections 5705.10(I), 5705.36 and 5705.39.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Village of Summitville
Columbiana County
13705 State Route 644
Hanoverton, Ohio 44423

To the Members of Council and Mayor:

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 Summitville, Columbiana County, Ohio, as of and for the year ended December 31, 2017 and the related notes to the financial statements and have issued our report thereon dated July 27, 2018, wherein we noted the Village of Summitville followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of Summitville'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 of Summitville's internal control. Accordingly, we have not opined on it.

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 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 of Summitville's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2017-001, 2017-002, 2017-003, and 2017-004 to be material weaknesses.

Members of Council and Mayor
Village of Summitville

Compliance and Other Matters

As part of reasonably assuring whether the Village of Summitville's financial statement is 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 and responses as items 2017-002, 2017-003, and 2017-004.

Village of Summitville's Responses to Findings

The Village of Summitville's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not subject the Village of Summitville's responses to the auditing procedures applied in the audit of the financial statements 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 of Summitville's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Summitville's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
July 27, 2018

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2017-001

Material Weakness – Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Audit adjustments were posted to the financial statements for the year ended December 31, 2017, to properly state financial statement amounts. For the Cash Receipts listed on the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances, because the Village improperly recorded various receipts from the Ohio Department of Public Safety and the Columbiana County Auditor, the amount recorded as “Property and Other Local Taxes” receipts for the Special Revenue Funds Opinion Unit was reduced by \$1,658 and the amount recorded as “Intergovernmental” receipts was increased by that same amount.

As a result of the Village improperly recording various Park Rehabilitation Project disbursements to the Street Construction, Maintenance, and Repair and State Highway Funds (part of the Special Revenue Funds Opinion Unit) when amounts should have been recorded to the General Fund, the amount recorded as “Transportation” disbursements for the Special Revenue Funds Opinion Unit was reduced by \$11,500. For the General Fund, the amount recorded as “Community Environment” disbursements was reduced by \$69 and the amount recorded as “Leisure Time Activities” disbursements was increase by \$11,569.

Similarly, when the Village was reimbursed for a portion of these Park Rehabilitation Project disbursements, the Village improperly recorded these reimbursements to the Street Construction, Maintenance, and Repair and State Highway Funds, when the reimbursements should have been recorded to the General Fund. As a result, the amount recorded as “Intergovernmental” receipts for the Special Revenue Funds Opinion Unit reduced by \$8,676 and the amount recorded as “Intergovernmental” receipts for the General Fund was increased by that same amount.

The audited financial statements, note disclosures, and Village records have been adjusted for the misstatements identified during the audit.

Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made.

We recommend the Village of Summitville implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the basic financial statements prior to presenting them to the auditors.

Client Response: The Village will work to provide a sound fiscal environment and has implemented additional policies and procedures to help with financial statement presentation.

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2017-002

Material Weakness/Noncompliance

Ohio Revised Code Sections 5705.36, in part, requires the Fiscal Officer to certify to the County Auditor the total amount from all sources which are available for expenditure from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village did not file the proper unencumbered balances for three of the five funds in their certificate of available resources with the County Auditor for the year ended December 31, 2017.

By not certifying accurate unencumbered balances, the Village does not have proper estimated resources in which to appropriate against with certain funds, which caused appropriations to exceed estimated resources for one of the five funds.

We recommend the Village to properly certify all fund balances after careful review of any prior year reclassification made. This will enable the County Auditor to perform the proper certification with accurate information. This will in turn allow the Village to properly appropriate funds within the available resources.

Client Response: The Fiscal Officer will review fund balances in the future to ensure that amounts certified to the County Auditor are accurate.

Finding Number	2017-003
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Material Weakness/Noncompliance

Ohio Revised Code Section 5705.39, in part, requires that total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations in excess of estimated resources at December 31, 2017 in the amount of \$2,392 for the General Fund as Final Appropriations totaled \$47,140 with Estimated Resources of only \$44,748.

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause disbursements to increase and cause a deficit fund balance.

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The Village Fiscal Officer will attempt to request amended certificates when deemed necessary.

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2017-004

Material Weakness/Noncompliance

Ohio Rev. Code § 5705.10 (I) requires that money paid into any fund shall be used only for the purposes for which such fund is established.

As noted in Finding Number 2017-001, the Village posted improper disbursements to its Street Construction, Maintenance, and Repair and State Highway Funds (part of the Special Revenue Funds Opinion Unit). In 2017, we identified improper disbursements posted to these funds in the amount of \$11,500. Upon review of the supporting documentation for these disbursements and inquiry of the Fiscal Officer of the Village, we determined these disbursements should not have been posted to the Street Construction, Maintenance, and Repair and State Highway Funds, but to the General fund.

The Village has posted these adjustments to its financial statements and to its accounting system.

Similarly, as noted in Finding Number 2017-001, the Village also posted improper reimbursements of disbursements to its Street Construction, Maintenance, and Repair and State Highway Funds (part of the Special Revenue Funds Opinion Unit). In 2017, we identified improper reimbursements of disbursements posted to these funds in the amount of \$8,676. Upon review of the supporting documentation for these reimbursements and inquiry of the Fiscal Officer of the Village, we determined these reimbursements should not have been posted to the Street Construction, Maintenance, and Repair and State Highway Funds, but to the General fund.

The Village has posted these adjustments to its financial statements and to its accounting system.

Client Response: The Village will analyze disbursements and receipts on a case by case basis to ensure they are paid out of and received into an allowable fund.

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2016-001	2013	<u>Material Weakness - Financial Statement Presentation</u> - The Village had receipts and disbursements that were posted incorrectly according to the Village Handbook and the Ohio Revised Code.	Not Corrected	Finding repeated as 2017-001 as various receipts were incorrectly posted.



Dave Yost • Auditor of State

VILLAGE OF SUMMITVILLE

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 16, 2018