



**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Summitville
Columbiana County
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To the Village Council:

We have audited the accompanying financial statements of the Village of Summitville, Columbiana County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

August 31, 2001

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**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$8,892	\$5,125	\$14,017
Intergovernmental Receipts	20,856	2,847	23,703
Fines, Licenses, and Permits	5,325	205	5,530
Earnings on Investments	205		205
Miscellaneous	527		527
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	35,805	8,177	43,982
Cash Disbursements:			
Current:			
Security of Persons and Property	3,410	3,288	6,698
Public Health Services	540		540
Basic Utility Services	9,343		9,343
Transportation		1,030	1,030
General Government	22,684	104	22,788
	<hr/>	<hr/>	<hr/>
Total Disbursements	35,977	4,422	40,399
Total Receipts Over/(Under) Disbursements	(172)	3,755	3,583
Fund Cash Balances January 1	16,596	5,185	21,781
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$16,424</u>	<u>\$8,940</u>	<u>\$25,364</u>

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

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Fiduciary Fund Type
	Agency
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$1,415
Total Non-Operating Cash Receipts	1,415
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	1,415
Total Non-Operating Cash Disbursements	1,415
Net Receipts Over/(Under) Disbursements	
Fund Cash Balances, January 1	
Fund Cash Balances, December 31	\$0

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

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$8,857	\$4,696	\$13,553
Intergovernmental Receipts	15,186	2,567	17,753
Fines, Licenses, and Permits	6,560		6,560
Earnings on Investments	382		382
Miscellaneous	1,546		1,546
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	32,531	7,263	39,794
Cash Disbursements:			
Current:			
Security of Persons and Property	8,061	3,362	11,423
Public Health Services	272		272
Leisure Time Activities		4,013	4,013
Basic Utility Services	8,954		8,954
Transportation		3,997	3,997
General Government	15,000	136	15,136
	<hr/>	<hr/>	<hr/>
Total Disbursements	32,287	11,508	43,795
Total Receipts Over/(Under) Disbursements	244	(4,245)	(4,001)
Fund Cash Balances January 1	16,352	9,430	25,782
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$16,596</u>	<u>\$5,185</u>	<u>\$21,781</u>

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

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Type
	Agency
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$1,724
Total Non-Operating Cash Receipts	1,724
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	1,724
Total Non-Operating Cash Disbursements	1,724
Net Receipts Over/(Under) Disbursements	
Fund Cash Balances, January 1	
Fund Cash Balances, December 31	\$0

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

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

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

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recreation and Fireworks Fund -This fund receives real estate, personal property, and mobile home tax receipts to provide a fireworks display on the Fourth of July.

Fire Levy Fund - This fund receives real estate, personal property, and mobile home tax receipts to cover the costs associated with contracting for fire protection services.

3. Fiduciary Fund (Agency Fund)

This fund accounts for the activity in which the Village is acting in an agency capacity. The Village had the following significant Fiduciary Fund:

Mayor's Court Fund - This fund receives the portion of mayor's court receipts entitled to other agencies.

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 16,558	\$ 13,316
Certificates of deposit	8,806	8,465
Total deposits	<u>\$ 25,364</u>	<u>\$ 21,781</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 30,030	\$ 35,805	\$ 5,775
Special Revenue	7,772	8,177	405
Fiduciary	0	1,415	1,415
Total	<u>\$ 37,802</u>	<u>\$ 45,397</u>	<u>\$ 7,595</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 46,566	\$ 35,977	\$ 10,589
Special Revenue	12,878	4,422	8,456
Fiduciary	0	1,415	(1,415)
Total	<u>\$ 59,444</u>	<u>\$ 41,814</u>	<u>\$ 17,630</u>

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 20,969	\$ 32,531	\$ 11,562
Special Revenue	7,309	7,263	(46)
Fiduciary	0	1,724	1,724
Total	\$ 28,278	\$ 41,518	\$ 13,240

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 35,593	\$ 32,287	\$ 3,306
Special Revenue	16,766	11,508	5,258
Fiduciary	0	1,724	(1,724)
Total	\$ 52,359	\$ 45,519	\$ 6,840

The Village did not certify the availability of funds prior to the purchase commitment being made.

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 1999 and 10.84% for 2000. The Village has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Summitville
Columbiana County
PO Box 56
Summitville, OH 43962

To the Village Council:

We have audited the accompanying financial statements of the Village of Summitville, Columbiana County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 31, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-31215-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 31, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 31, 2001.

Village of Summitville
Columbiana County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 31, 2001

VILLAGE OF SUMMITVILLE
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2000-31215-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Council.

It was noted during testing of non-payroll disbursements, in 1999 and 2000, 37% and 33%, respectively, of vouchers tested were not certified prior to the obligation date, and neither of the two exceptions were utilized for these transactions.

We recommend that the Village Council implement policies and procedures to ensure prior certification of encumbrances in compliance with Ohio Revised Code § 5705.41(D).



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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
NOVEMBER 13, 2001**