



**Auditor of State
Betty Montgomery**

VILLAGE OF SPRING VALLEY
GREENE COUNTY

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**Auditor of State
Betty Montgomery**

Village of Spring Valley
Greene County
7 West Main Street
P.O. Box 418
Spring Valley, Ohio 45370

To the Village Council

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

December 7, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Spring Valley
Greene County
7 West Main Street
P.O. Box 418
Spring Valley, Ohio 45370

To the Village Council

We have audited the accompanying financial statements of Village of Spring Valley, Greene County, (the Village), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of June 30, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2005 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

December 7, 2005

**VILLAGE OF SPRING VALLEY
GREENE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$36,214	\$11,128	\$47,342
Intergovernmental Receipts	47,030	57,431	104,461
Charges for Services	5,093		5,093
Fines, Licenses, and Permits	11,426	500	11,926
Earnings on Investments	2,426	971	3,397
Miscellaneous	50	155	205
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	102,239	70,185	172,424
Cash Disbursements:			
Current:			
Security of Persons and Property	14,102	5,154	19,256
Public Health Services	3,023	114	3,137
Community Environment	1,129		1,129
Basic Utility Services	3,482	4,550	8,032
Transportation	14,840	40,259	55,099
General Government	33,066		33,066
Debt Service:			
Principal Payments		3,074	3,074
Interest Payments		296	296
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	69,642	53,447	123,089
Total Receipts Over Disbursements	32,597	16,738	49,335
Fund Cash Balances, January 1	59,442	49,004	108,446
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Fund Cash Balances, December 31	\$92,039	\$65,742	\$157,781

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

**VILLAGE OF SPRING VALLEY
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$84,075
Miscellaneous	200
	84,275
Total Operating Cash Receipts	84,275
Operating Cash Disbursements:	
Personal Services	24,672
Fringe Benefits	3,701
Contractual Services	15,479
Supplies and Materials	8,772
	52,624
Total Operating Cash Disbursements	52,624
Operating Income	31,651
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	31
	31
Non-Operating Cash Disbursements:	
Debt Service	4,980
	4,980
Receipts Over Disbursements	26,702
Fund Cash Balance, January 1	142,682
Fund Cash Balance, December 31	\$169,384

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

**VILLAGE OF SPRING VALLEY
GREENE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$35,425	\$10,911	\$46,336
Intergovernmental Receipts	30,940	45,783	76,723
Charges for Services	5,520		5,520
Fines, Licenses, and Permits	8,844	150	8,994
Earnings on Investments	1,358	840	2,198
Miscellaneous	561		561
	<hr/>		
Total Cash Receipts	82,648	57,684	140,332
<hr/>			
Cash Disbursements:			
Current:			
Security of Persons and Property	15,379	11,579	26,958
Public Health Services	399	80	479
Community Environment	150		150
Basic Utility Services	3,596		3,596
Transportation	16,149	37,139	53,288
General Government	29,113		29,113
Debt Service:			
Principal Payments		2,802	2,802
Interest Payments		568	568
	<hr/>		
Total Cash Disbursements	64,786	52,168	116,954
<hr/>			
Total Receipts Over Disbursements	17,862	5,516	23,378
<hr/>			
Fund Cash Balances, January 1	41,580	43,488	85,068
<hr/>			
Fund Cash Balances, December 31	\$59,442	\$49,004	\$108,446
<hr/>			
Reserves for Encumbrances, December 31	\$0	\$166	\$166
<hr/>			

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

**VILLAGE OF SPRING VALLEY
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$83,718
Miscellaneous	177
	83,895
Total Operating Cash Receipts	83,895
Operating Cash Disbursements:	
Personal Services	22,875
Fringe Benefits	4,334
Contractual Services	9,502
Supplies and Materials	11,927
Capital Outlay	78,260
	126,898
Total Operating Cash Disbursements	126,898
Operating (Loss)	(43,003)
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	78,500
Other Non-Operating Receipts	543
	79,043
Total Non-Operating Cash Receipts	79,043
Non-Operating Cash Disbursements:	
Debt Service	6,980
Other Non-Operating Cash Disbursements	400
	7,380
Total Non-Operating Cash Disbursements	7,380
Receipts Over Disbursements	28,660
Fund Cash Balance, January 1	114,022
Fund Cash Balance, December 31	\$142,682

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

**VILLAGE OF SPRING VALLEY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Spring Valley, Greene 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 water sanitation and 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

All deposit accounts held by financial institutions are valued at cost.

The Village did not have any investments at December 31, 2004 or 2003. All funds are maintained in depository accounts.

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

Permissive Motor Vehicle Tax Fund -This fund the proceeds from a special motor vehicles license fee levied against the benefiting motorist of the Village.

**VILLAGE OF SPRING VALLEY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

Water Fund - This fund received charges for services from residents to cover the cost of providing this utility.

E. Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2004 and 2003 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF SPRING VALLEY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH

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

	2004	2003
Demand deposits	\$327,165	\$251,128

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the or (3) collateralized by the financial institution's public entity deposit pool .

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,533	\$102,239	\$16,706
Special Revenue	1,734,838	70,185	(1,664,653)
Enterprise	84,750	84,306	(444)
Total	\$1,905,121	\$256,730	(\$1,648,391)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$143,495	\$69,642	\$73,853
Special Revenue	97,853	53,447	44,406
Enterprise	227,432	57,604	169,828
Total	\$468,780	\$180,693	\$288,087

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,383	\$82,648	\$14,265
Special Revenue	46,500	57,684	11,184
Enterprise	154,375	162,938	8,563
Total	\$269,258	\$303,270	\$34,012

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,125	\$64,786	\$47,339
Special Revenue	89,103	52,334	36,769
Enterprise	268,396	134,278	134,118
Total	\$469,624	\$251,398	\$218,226

**VILLAGE OF SPRING VALLEY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

Ohio Water Development Authority Loans	<u><u>Principal</u></u> <u><u>\$132,340</u></u>
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The Ohio Water Development Authority (OWDA) loan was for new well field. The loan is scheduled to be repaid in 2005. Amortization of the above debt, including interest, is as follows:

	<u>OWDA Loans</u>
Year Ending December 31:	
2005	<u><u>\$140,192</u></u>

6. RETIREMENT SYSTEMS

Village officials and full-time officials belong to the Ohio Public Employees Retirement System (OPERS). PERS are 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 2004 and 2003, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Village has paid all contributions through December 31, 2004.

**VILLAGE OF SPRING VALLEY
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. NONCOMPLIANCE

The Village did not routinely comply with requirements regarding certification of funds prior to obligation and posting of receipts to the proper fund.

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**Auditor of State
Betty Montgomery**

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

Village of Spring Valley
Greene County
7 West Main Street
P.O. Box 418
Spring Valley, Ohio 45370

To the Village Council:

We have audited the financial statements of the Village of Spring Valley, Greene County, (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 7, 2005 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 and 2004-002.

Village of Spring Valley
Greene County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management and Village Council and it is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 7, 2005

VILLAGE OF SPRING VALLEY
GREENE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

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

FINDING NUMBER 2004-001

Ohio Rev. Code Section 5705.41(D) requires that no order or contract involving the expenditure of money be made unless there is attached thereto, a certificate of the fiscal officer that the amount required for the contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time of completing the certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 (\$1,000 prior to April 2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of "then and now" certificate, provided the certificate is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Blanket certificate – Fiscal officers may prepare so-called "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super blanket certificate – In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year or, in the case of counties, beyond the quarterly spending plan established by the county commissioners. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

The Village failed to properly certify 15% of the expenditures tested, including the exceptions above. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to provide that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Clerk-Treasurer should certify that the funds are or will be available prior to obligation by the Village (if appropriate). When prior certification is not possible, "then and now" certification should be used.

Proper certification of funds would provide an accurate picture of remaining available appropriations and unencumbered funds which would aid in the financial decision making.

FINDING NUMBER 2004-002

Ohio Rev. Code Section 5705.10 requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose to be paid into a special fund for such purpose. During 2003, tax rollbacks totaling \$598 for the Street Fund and \$755 for the Police Fund were posted to the General Fund. Also, during 2003, public utility deregulation reimbursement totaling \$156 for the Police Fund was posted to the General Fund. In 2004, tax rollbacks totaling \$764 for the Police Fund was posted to the General Fund. The variances required corrections to the Village's records and the financial statements have been adjusted to reflect these changes.

Further, the Village classified Permissive Motor Vehicle License Fees totaling \$14,637 during 2003 and \$16,574 during 2004 as Local Taxes instead of as Intergovernmental Revenue. Also, the Village classified Permissive Motor Vehicle License Fees totaling \$4,815 during 2003 as Miscellaneous Revenue instead of as Intergovernmental Revenue. Various other reclassifications were required including posting receipts from Spring Valley Township as Local Taxes instead of Intergovernmental Revenue, posting Public Utility Deregulation Reimbursements as Local Taxes instead of Intergovernmental Revenue, reporting Debt Service Payments as a separate line item, and posting a portion of receipts to Local Tax Revenue instead of Miscellaneous Revenue and Earnings on Investments. These reclassifications are reflected in the financial statements.

Improper classification or posting of revenue restricts management's ability to make informed decisions as a result of inaccurate fund balances and misclassifications. The Village should develop procedures to provide that receipts are properly classified and posted to the proper fund.



**Auditor of State
Betty Montgomery**

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**VILLAGE OF SPRING VALLEY
GREENE 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 27, 2005**