



Mary Taylor, CPA  
Auditor of State



VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY

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Mary Taylor, CPA  
Auditor of State

Village of Salineville  
Columbiana County  
34 Washington Street  
Salineville, Ohio 43945

To Village Council:

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 10, 2010

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Village of Salineville  
Columbiana County  
34 Washington Street  
Salineville, Ohio 43945

To Village Council:

We have audited the accompanying financial statements of Village of Salineville, Columbiana County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Salineville, Columbiana County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 March 10, 2010, 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.



**Mary Taylor, CPA**  
Auditor of State

March 10, 2010

VILLAGE OF SALINEVILLE  
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, 2009

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$25,499	\$94,268		\$119,767
Municipal Income Tax	94,293	31,522		125,815
Intergovernmental	71,598	78,480		150,078
Charges for Services	12,313	14,803		27,116
Fines, Licenses and Permits	23,276	455		23,731
Earnings on Investments	1,119	25		1,144
Miscellaneous	11,065	1,516		12,581
<b>Total Cash Receipts</b>	<b>239,163</b>	<b>221,069</b>		<b>460,232</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	122,676	28,369		151,045
Public Health Services		29,168		29,168
Basic Utility Service	3,000			3,000
Transportation		115,720		115,720
General Government	113,838	19,118		132,956
Debt Service:				
Redemption of Principal	11,588		\$1,571	13,159
Interest and Fiscal Charges	2,132			2,132
<b>Total Cash Disbursements</b>	<b>253,234</b>	<b>192,375</b>	<b>1,571</b>	<b>447,180</b>
Total Receipts Over/(Under) Disbursements	(14,071)	28,694	(1,571)	13,052
<b>Other Financing Receipts / (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes	9,200			9,200
Other Financing Sources			1,571	1,571
Other Financing Uses	(9,245)			(9,245)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(45)</b>		<b>\$1,571</b>	<b>1,526</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,116)	28,694		14,578
Fund Cash Balances, January 1	1,865	122,598		124,463
<b>Fund Cash Balances, December 31</b>	<b>(\$12,251)</b>	<b>\$151,292</b>		<b>\$139,041</b>

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

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$158,045		\$158,045
Total Operating Cash Receipts	158,045		158,045
<b>Operating Cash Disbursements:</b>			
Personal Services	31,517		31,517
Employee Fringe Benefits	4,320		4,320
Contractual Services	43,550		43,550
Supplies and Materials	29,216		29,216
Total Operating Cash Disbursements	108,603		108,603
Operating Income/(Loss)	49,442		49,442
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Cash Receipts	71,562	\$23,447	95,009
Total Non-Operating Cash Receipts	71,562	23,447	95,009
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	31,206		31,206
Interest and Other Fiscal Charges	48,906		48,906
Other Non-Operating Cash Disbursements		18,003	18,003
Total Non-Operating Cash Disbursements	80,112	18,003	98,115
Net Receipts Over/(Under) Disbursements	40,892	5,444	46,336
Fund Cash Balances, January 1	30,127	115	30,242
<b>Fund Cash Balances, December 31</b>	<b>\$71,019</b>	<b>\$5,559</b>	<b>\$76,578</b>

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

VILLAGE OF SALINEVILLE  
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, 2008**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$27,083	\$100,161		\$127,244
Municipal Income Tax	112,113	37,371		149,484
Intergovernmental	78,092	117,452		195,544
Charges for Services	9,558	14,203		23,761
Fines, Licenses and Permits	18,656	1,450		20,106
Earnings on Investments	896	1,222		2,118
Miscellaneous	10,253	340		10,593
	<u>256,651</u>	<u>272,199</u>		<u>528,850</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	132,365	69,401		201,766
Public Health Services		50,792		50,792
Transportation		193,578		193,578
General Government	114,666	21,943		136,609
Debt Service:				
Redemption of Principal	13,251		\$2,500	15,751
Interest and Fiscal Charges	1,941			1,941
	<u>262,223</u>	<u>335,714</u>	<u>2,500</u>	<u>600,437</u>
	<u>(5,572)</u>	<u>(63,515)</u>	<u>(2,500)</u>	<u>(71,587)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Bonds		25,000		25,000
Transfers-In	4,840			4,840
Transfers-Out	(4,840)		(4,840)	(9,680)
Other Financing Sources	3,548	300	2,500	6,348
Other Financing Uses	(76)			(76)
	<u>3,472</u>	<u>25,300</u>	<u>(2,340)</u>	<u>26,432</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,100)	(38,215)	(4,840)	(45,155)
Fund Cash Balances, January 1	3,965	160,813	4,840	169,618
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,865</u></b>	<b><u>\$122,598</u></b>	<b><u>\$0</u></b>	<b><u>\$124,463</u></b>

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

VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$124,437		\$124,437
Total Operating Cash Receipts	124,437		124,437
<b>Operating Cash Disbursements:</b>			
Personal Services	16,759		16,759
Employee Fringe Benefits	2,212		2,212
Contractual Services	48,222		48,222
Supplies and Materials	23,089		23,089
Total Operating Cash Disbursements	90,282		90,282
Operating Income/(Loss)	34,155		34,155
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Cash Receipts	71,653	\$16,209	87,862
Total Non-Operating Cash Receipts	71,653	16,209	87,862
<b>Non-Operating Cash Disbursements:</b>			
Redemption of Principal	61,435		61,435
Interest and Other Fiscal Charges	63,768		63,768
Other Non-Operating Cash Disbursements		16,094	16,094
Total Non-Operating Cash Disbursements	125,203	16,094	141,297
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(19,395)	115	(19,280)
Transfers-In	27,840		27,840
Transfers-Out	(23,000)		(23,000)
Net Receipts Over/(Under) Disbursements	(14,555)	115	(14,440)
Fund Cash Balances, January 1	44,682		44,682
<b>Fund Cash Balances, December 31</b>	<b>\$30,127</b>	<b>\$115</b>	<b>\$30,242</b>

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

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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, police services, cemetery services, and general government services. The Village contracts with Salineville Volunteer Fire Department to receive 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village'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 values Certificates of Deposit at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue 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  
DECEMBER 31, 2009 AND 2008**

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

Fire Levy Fund – This fund receives local tax money to provide fire protection services within the Village.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Waterline Improvement Project Fund – This fund received intergovernmental receipts to replace waterlines within the Village.

**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 Fund - This fund receives money from Buckeye Water District for the payment of water bond debt.

**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 accounts for Magistrate Court Activity.

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

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. 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.

**G. 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**

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$178,233	\$118,177
Certificates of deposit	37,386	36,528
Total deposits	<u>\$215,619</u>	<u>\$154,705</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity (Continued)**

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$246,694	\$248,363	\$1,669
Special Revenue	210,455	221,069	10,614
Capital Projects	0	1,571	1,571
Enterprise	170,750	229,607	58,857
Total	<u>\$627,899</u>	<u>\$700,610</u>	<u>\$72,711</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$259,048	\$262,479	(\$3,431)
Special Revenue	236,657	192,375	44,282
Capital Projects	0	1,571	(1,571)
Enterprise	119,296	188,715	(69,419)
Total	<u>\$615,001</u>	<u>\$645,140</u>	<u>(\$30,139)</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$259,418	\$265,039	\$5,621
Special Revenue	297,260	297,499	239
Capital Projects	4,840	2,500	(2,340)
Enterprise	180,511	196,090	15,579
Total	<u>\$742,029</u>	<u>\$761,128</u>	<u>\$19,099</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$277,709	\$267,139	\$10,570
Special Revenue	367,365	335,714	31,651
Capital Projects	4,840	7,340	(2,500)
Enterprise	195,505	215,485	(19,980)
Total	<u>\$845,419</u>	<u>\$825,678</u>	<u>\$19,741</u>

Contrary to Ohio law, the Village made expenditures that were not certified or recorded with Ohio Revised Code Section 5705.41(D).

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**4. PROPERTY TAX**

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

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 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, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Building Municipal Note	\$15,614	variable
USDA Dump Truck Loan	\$23,000	4.125%
2007 Police Cruiser Loan	\$4,193	5.8%
Sanitary Sewer Mortgage Revenue Bonds	\$378,000	5%
Ohio Public Works Commission Loans	\$187,780	0%
Ohio Water Development Authority Loan	\$16,285	0%
Water System Mortgage Revenue Bonds	1,023,500	4.125%
Total	\$1,648,372	

The Village secured an Adjustable Rate Municipal Note to purchase the current office building for the Village. The original note was issued in the amount of \$70,000 for a term of 15 years, with the building used as collateral. The loan date was December 21, 1998 with a maturity date of October 12, 2012.

The Police Cruiser Loan was used to purchase a 2007 Police Cruiser for the Village. The original loan amount was \$16,754. The loan has a term of 4 years with a maturity date of November 28, 2010.

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

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. DEBT - (Continued)**

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 amount 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 water receipts.

Ohio Water Development Authority (OWDA) loan #4481 originated in 2007 to improve the water system within the Village. The loan is collateralized by water receipts.

The Water System Improvement Mortgage Revenue Bonds were issued by the United States Department of Agriculture (USDA) in 2006 for water improvements in the Village. The bonds are collateralized by water receipts.

Buckeye Water Authority took over the water operations of the Village in 2007 and remits the debt payments for the OPWC and OWDA loans; and the Water Mortgage Revenue Bonds on behalf of the Village, however, the debt remains in the Village's name.

The Water System Improvement Mortgage Revenue Bond Covenant requires the Village to establish and fund a debt service reserve fund. The balance in the fund at December 31, 2009 is \$562.

The Sewer Mortgage Revenue bond covenant requires the Village to establish and fund a debt reserve fund in the amount of \$53,200. The balance in the fund at December 31, 2009 is \$22,650.

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

Year Ending	Police Cruiser Loan	Sewer Mortgage Revenue Bonds	OPWC Loans	OWDA Loans	Water System Mortgage Revenue Bonds	USDA General Obligation Bond	
December 31:	Building Loan						
2010	\$7,193	\$4,289	\$52,900	\$16,535	\$2,500	\$55,119	\$3,140
2011	\$7,193		\$53,200	\$16,535	\$2,500	\$54,987	\$3,140
2012	\$3,147		\$53,400	\$16,535	\$2,500	\$55,139	\$3,140
2013			\$53,500	\$16,535	\$2,500	\$55,062	\$3,140
2014			\$53,500	\$16,535	\$2,500	\$55,063	\$3,140
2015-2019			\$188,000	\$76,595	\$3,785	\$275,344	\$12,429
2020-2024				\$21,920		\$275,317	
2025-2029				\$6,590		\$275,399	
2030-2034						\$275,338	
2035-2039						\$275,355	
2040-2044						\$275,331	
2045-2049						55082	
Total	\$17,533	\$4,289	\$454,500	\$187,780	\$16,285	\$1,982,536	\$28,129

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**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 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, 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, 2009.

**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.

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# Mary Taylor, CPA

Auditor of State

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

Village of Salineville  
Columbiana County  
34 Washington Street  
Salineville, Ohio 43945

To Village Council:

We have audited the financial statements of Village of Salineville, Columbiana County (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 10, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

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 deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-002 and 2009-003 described in the accompanying schedule of findings to be material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated March 10, 2010.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 10, 2010.

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

March 10, 2010

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Non-Compliance Citation**

**Ohio Revised Code section 5705.41(D)** provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

1. **Then and Now Certificate** – If 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 Fiscal Officer 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.

If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of Village Council if such expenditure is otherwise valid.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Village did not certify or record the amount against the applicable appropriation accounts as follows: 30% of non-payroll disbursements in 2008, and 97% of non-payroll disbursements in 2009. The Village did not properly utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash 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 assure 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 Fiscal Officer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Village should certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to Village incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2009-002**

**Non-Compliance Citation/Material Weakness**

**Village Ordinance 930** outlines the requirements related to the issuance of the sanitary sewerage system first mortgage revenue bonds. **Section 8, item B** outlines how operational funds are to be deposited and transferred and also details from which funds the payments of principal and interest may be made. Specifically, **Section 8, item B(4)** provides that on the fifteenth of each month, equal monthly payments are to be made into the sanitary sewage system revenue bond and interest sinking fund account in the amount necessary to provide for the payment of the interest and principal due on the next payment date. Additionally, **Section 8, item B(5)** provides for the creation and funding of a "Reserve Account". The Reserve account has limits on its but may be used to pay principal and interest payments if the Sanitary Sewerage Revenue Bond and Interest Sinking Fund account is not sufficient to meet the required payments.

In 2008, the Village made partial payments of principal and interest from the Sewer Fund. As stated above, payments of principal and interest are permitted to be paid only from the Sanitary Sewer Revenue Bond and Interest Sinking Fund and/or the Sewer Bond Reserve Fund. The following adjustments have been agreed to by the Fiscal Officer are reflected in the accompanying financial statements.

<b>Fund</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
Sewer	Charges for Services	(\$23,000)	To reduce revenue that should have been credited to another fund
Sewer	Redemption of Principal	(\$23,000)	To eliminate principal payment
Sanitary Sewer Revenue Bond and Interest Sinking	Charges for Services	\$23,000	To increase revenue that had been credited to another fund
Sanitary Sewer Revenue Bond and Interest Sinking	Redemption of Principal	\$23,000	To record principal payment

The Village Fiscal Officer should review the requirements of the debt covenants and work to ensure that all payments of principal and interest be made from the approved funds. By implementing these procedures, the Village will comply with the terms of debt covenants.

**FINDING NUMBER 2009-003**

**Material Weakness**

The Village did not correctly code and classify the following receipts and disbursements in 2008 and 2009 which resulted in adjustments to the financial statements. The Village also had reconciling items for the majority of the months of 2008 that were not explained and in 2009, the Village did not reconcile the bank balances to the book balances each month. The Village Fiscal Officer has agreed to the reclassifications and the adjustments and these corrected amounts are reflected in the accompanying financial statements. The adjustments have also been posted to the Village ledgers.

**2008**

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Reclassifications</b>			
General	Intergovernmental	\$3,296	Recorded as Local Taxes.
Cemetery	Intergovernmental	\$2,057	Recorded as Local Taxes.
Current Operating Levy	Intergovernmental	\$3,308	Recorded as Local Taxes.
Fire Levy	Intergovernmental	\$5,606	Recorded as Local Taxes.
<b>Adjustments</b>			
General	Principal	\$6,048	Debt payment for cruiser payoff (\$3,548) and OWDA payment(\$2,500) not recorded
Street Construction Maintenance & Repair	Intergovernmental	\$8,879	Recorded as Local Taxes in the Permissive Motor Vehicle License Tax Fund
State Highway	Intergovernmental	\$720	Recorded as Local Taxes in the Permissive Motor Vehicle License Tax Fund.
Water	Other Financing Sources Principal	\$16,535	OPWC payment made by Buckeye Water not recorded
Fire Levy	Local Taxes	\$2,500	Recorded as Local Taxes in the Current Operating Levy Fund.
Water Bond & Interest Sinking	Other Financing Sources Principal & Interest	\$55,117	Debt payment made by Buckeye Water incorrectly posted to Water Fund
Water Bond Debt	Principal & Interest	\$55,117	USDA debt incorrectly paid by the Water Fund

**2009**

<b>Fund Name</b>	<b>Account Type</b>	<b>Amount</b>	<b>Description</b>
<b>Reclassifications</b>			
General	Intergovernmental	\$8,881	Recorded as Local Taxes.
Cemetery	Intergovernmental	\$511	Recorded as Local Taxes.
Fire Levy	Intergovernmental	\$1,645	Recorded as Local Taxes.
Current Operating Levy	Intergovernmental	\$991	Recorded as Local Taxes.
General	Proceeds of Notes	\$9,200	Recorded as Charges for Services
<b>Adjustments</b>			
Street Construction, Maintenance, and Repair	Intergovernmental	\$6,075	Recorded as Local Taxes in the State Highway Fund.
Street Construction, Maintenance, and Repair	Intergovernmental	\$1,823	Recorded as Local Taxes in Permissive Motor Vehicle License Tax Fund.

State Highway	Intergovernmental	\$317	Recorded as Intergovernmental in the Permissive Motor Vehicle License Tax Fund.
Cemetery	Intergovernmental Local Taxes	\$3,525 \$400	Recorded as Local Taxes in the General Fund.
Current Operating Levy	Intergovernmental Local Taxes	\$9,006 \$1,000	Recorded as Local Taxes in the General Fund.
Fire Levy	Intergovernmental Local Taxes	\$5,288 \$5,200	Recorded as Local Taxes in the General Fund.
General	Local Taxes	\$878	Amount of tax collection fees not recorded as revenue
Cemetery	Local Taxes	\$213	Amount of tax collection fees not recorded as revenue
Fire Levy	Local Taxes	\$544	Amount of tax collection fees not recorded as revenue
Current Operating Levy	Local Taxes	\$319	Amount of tax collection fees not recorded as revenue
Water Bond Debt Service	Revenue Principal & Interest	\$55,026.	Water mortgage revenue bond payment and revenue received not recorded
Water Fund	Other Financing Sources Principal	\$16,535	OPWC payment by Buckeye Water District not recorded
General Operating Levy	General Government Expenditures	\$8,058	Adjusted expenditures to reduce deficit in General Fund
General	Revenue	\$4,398	Adjustment to reconcile
Street Construction Maintenance and Repair	Revenue	(\$860)	Adjustment to reconcile
Sewer	Revenue	(\$10,988)	Adjustment to reconcile
Permanent Motor Vehicle License Tax	Revenue	(\$674)	Adjustment to reconcile
Cemetery	Revenue	\$2,569	Adjustment to reconcile
Mayors Court	Other Financing Sources	\$21,427	To reflect mayor's court activity on the village ledgers

Failure to consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. Failure to maintain accurate monthly reconciliations increases the risk of discrepancies and errors going undetected. This also prohibits the Village from obtaining accurate cash balances at a given date.

The Village Fiscal Officer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported. The Village Fiscal Officer should also prepare accurate monthly reconciliations with a complete explanation of all reconciling items. In addition, the Village should adopt procedures for the review of posted of transactions, subsequent posting to the financial statements and monthly reconciliations..

**Officials' Response**

We did not receive a response from officials for the findings reported above.

**VILLAGE OF SALINEVILLE  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	ORC Section 5705.41(D) Disbursements not properly certified.	No	Re-issued as finding number 2009-001.
2007-002	Receipts and Disbursements Not Properly Classified	No	Re-issued as finding number 2009-003.





**Mary Taylor, CPA**  
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  
JUNE 3, 2010**