



Dave Yost • Auditor of State

VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY

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Dave Yost • Auditor of State

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

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 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.

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Dave Yost
Auditor of State

March 12, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Salineville, Columbiana County, (the Village) as of and for the years ended December 31, 2011 and 2010. 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.

Except as described in paragraph five, 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(A) mandates 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 requires 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 third 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 sixth following paragraph.

We were unable to obtain sufficient evidential matter supporting the amounts recorded as Fines, Licenses and Permits receipts and Other Operating disbursements reported in the Mayor's Court Agency Fund for the years ending December 31, 2011 and 2010. Fines, Licenses and Permits receipts were reported as \$18,713 and \$54,079, which is 100% of total revenue for the years ended December 31, 2011 and 2010, respectively. Other Operating disbursements were reported as \$23,205 and \$52,045, which is 100% of total operating disbursements for the years ended December 31, 2011 and 2010, respectively. We were unable to determine the validity of the fines, licenses and permits receipts and other operating disbursements through alternative procedures.

Additionally we were not able to obtain sufficient evidence to reasonably assure the completeness of Fines, Licenses and Permits receipts reported within the General fund nor were we able to gain assurance through alternative audit procedures.

In our opinion, because of the effects of the matter discussed in paragraphs three and four, the financial statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for the years then ended.

In addition, we are unable to express an opinion of the Fines, Licenses and Permits receipts and Other Operating disbursements of the Mayor's Court Agency Fund for the years ended December 31, 2011 and 2010 because as described in paragraph five we were unable to obtain sufficient evidence to support the 2011 and 2010 Fines, Licenses and Permits receipts and Other Operating disbursements reported for this fund.

Further, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the Fines, Licenses and Permits receipts for the General fund as described in paragraph six, the financial statements referred to above present fairly, in all material respects, the combined fund balances of the General Fund of the Village of Salineville, Columbiana County, as of December 31, 2011 and 2010, and its combined cash receipts, disbursements and reserve for encumbrances, for the years then ended on the accounting basis Note 1 describes.

Finally, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Special Revenue, Capital Projects, Permanent and Enterprise Fund Types of the Village of Salineville, Columbiana County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements and reserve for encumbrances for the years then ended on the accounting basis Note 1 describes.

As described in Note 1(F), during 2011 the Village of Salineville adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 12, 2012

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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, 2011**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$58,391	\$68,882			\$127,273
Municipal Income Tax	110,305				110,305
Intergovernmental	77,855	109,918			187,773
Charges for Service		8,584			8,584
Fines, Licenses and Permits	27,978	655			28,633
Earnings on Investments	50	4		\$12	66
Miscellaneous	2,175				2,175
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	276,754	188,043	0	12	464,809
Cash Disbursements:					
Current:					
Security of Persons and Property	178,408	58,506			236,914
Public Health Services	2,230	20,964			23,194
Leisure Time Activities		20,647			20,647
Basic Utility Services		36,600			36,600
Transportation		93,488			93,488
General Government	119,662	5,188			124,850
Capital Outlay			44,663		44,663
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Total Cash Disbursements	300,300	235,393	44,663	0	580,356
Total Receipts Over/(Under) Disbursements	(23,546)	(47,350)	(44,663)	12	(115,547)
Other Financing Receipts / (Disbursements):					
Transfers-In		20,647		9,600	30,247
Transfers-Out	(20,647)	(9,600)			(30,247)
Advances-In	9,151	14,500			23,651
Advances-Out	(14,500)	(7,014)			(21,514)
Other Financing Sources	61,798	1,567	44,663		108,028
Other Financing Uses	(37)				(37)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	35,765	20,100	44,663	9,600	110,128
Net Change in Fund Cash Balances	12,219	(27,250)	0	9,612	(5,419)
Fund Cash Balances, January 1 as restated (See note 9)	(4,195)	162,812	0	0	158,617
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31					
Nonspendable				9,612	9,612
Restricted		135,562			135,562
Unassigned (Deficit)	8,024				8,024
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$8,024	\$135,562	\$0	\$9,612	\$153,198

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, 2011**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$185,929		\$185,929
Fines, Licenses and Permits		18,713	18,713
Total Operating Cash Receipts	<u>185,929</u>	<u>18,713</u>	<u>204,642</u>
Operating Cash Disbursements:			
Personal Services	14,696		14,696
Employee Fringe Benefits	2,271		2,271
Contractual Services	67,027		67,027
Supplies and Materials	23,931		23,931
Other	3,591		3,591
Total Operating Cash Disbursements	<u>111,516</u>	<u>0</u>	<u>111,516</u>
Operating Income/(Loss)	<u>74,413</u>	<u>18,713</u>	<u>93,126</u>
Non-Operating Cash Receipts:			
Intergovernmental	71,522		71,522
Total Non-Operating Cash Receipts	<u>71,522</u>	<u>0</u>	<u>71,522</u>
Non-Operating Cash Disbursements:			
Redemption of Principal	67,835		67,835
Interest and Other Fiscal Charges	57,087		57,087
Other Non-Operating Cash Disbursements		23,205	23,205
Total Non-Operating Cash Disbursements	<u>124,922</u>	<u>23,205</u>	<u>148,127</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	21,013	(4,492)	16,521
Transfers-In	56,000		56,000
Transfers-Out	(56,000)		(56,000)
Advances-Out	(2,137)		(2,137)
Net Receipts Over/(Under) Disbursements	18,876	(4,492)	14,384
Fund Cash Balances, January 1 as restated (See Note 9)	805	7,593	8,398
Fund Cash Balances, December 31	<u>\$19,681</u>	<u>\$3,101</u>	<u>\$22,782</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$26,605	\$86,746	\$113,351
Municipal Income Tax	83,561	27,728	111,289
Intergovernmental	75,336	562,514	637,850
Charges for Services	27,503	7,388	34,891
Fines, Licenses and Permits	48,186	2,230	50,416
Earnings on Investments	495		495
Miscellaneous	39,378	1,000	40,378
	<u>301,064</u>	<u>687,606</u>	<u>988,670</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	181,465	122,558	304,023
Public Health Services		19,839	19,839
Transportation		98,614	98,614
General Government	97,951	17,365	115,316
Basic Utility Services		409,664	409,664
Debt Service:			
Redemption of Principal	24,024	10,399	34,423
Interest and Other Fiscal Charges	1,251	31	1,282
	<u>304,691</u>	<u>678,470</u>	<u>983,161</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(3,627)</u>	<u>9,136</u>	<u>5,509</u>
Other Financing Receipts / (Disbursements):			
Other Debt Proceeds	15,000		15,000
Transfers-In	4,968		4,968
Transfers-Out		(4,968)	(4,968)
Advances-In	73	7,087	7,160
Advances-Out	(9,224)	(73)	(9,297)
Other Financing Sources		150	150
	<u>10,817</u>	<u>2,196</u>	<u>13,013</u>
Total Other Financing Receipts / (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	7,190	11,332	18,522
Fund Cash Balances, January 1	<u>(12,251)</u>	<u>151,292</u>	<u>139,041</u>
Fund Cash Balances, December 31	<u>(\$5,061)</u>	<u>\$162,624</u>	<u>\$157,563</u>
Reserve for Encumbrances, December 31	<u>\$106</u>	<u>\$0</u>	<u>\$106</u>

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, 2010**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$158,872		\$158,872
Fines, Licenses and Permits		54,079	54,079
Total Operating Cash Receipts	<u>158,872</u>	<u>54,079</u>	<u>212,951</u>
Operating Cash Disbursements:			
Personal Services	26,617		26,617
Employee Fringe Benefits	4,368		4,368
Contractual Services	77,785		77,785
Supplies and Materials	16,567		16,567
Total Operating Cash Disbursements	<u>125,337</u>	<u>0</u>	<u>125,337</u>
Operating Income/(Loss)	<u>33,535</u>	<u>54,079</u>	<u>87,614</u>
Non-Operating Cash Receipts:			
Intergovernmental	55,119		55,119
Total Non-Operating Cash Receipts	<u>55,119</u>	<u>0</u>	<u>55,119</u>
Non-Operating Cash Disbursements:			
Redemption of Principal	82,900		82,900
Interest and Other Fiscal Charges	78,319		78,319
Other Non-Operating Cash Disbursements		52,045	52,045
Total Non-Operating Cash Disbursements	<u>161,219</u>	<u>52,045</u>	<u>213,264</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(72,565)	2,034	(70,531)
Transfers-In	31,112		31,112
Transfers-Out	(31,112)		(31,112)
Advances-In	2,137		2,137
Net Receipts Over/(Under) Disbursements	<u>(70,428)</u>	<u>2,034</u>	<u>(68,394)</u>
Fund Cash Balances, January 1	<u>71,019</u>	<u>5,559</u>	<u>76,578</u>
Fund Cash Balances, December 31	<u>\$591</u>	<u>\$7,593</u>	<u>\$8,184</u>
Reserve for Encumbrances, December 31	<u>\$154</u>	<u>\$0</u>	<u>\$154</u>

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, 2011 AND 2010**

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, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

CDBG Grant Fund – This fund receives community block grant money to be used for home revitalization 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. Permanent Funds

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant permanent fund:

Cemetery Flower Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

5. 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.

6. 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.

VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. 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 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 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2011	2010
Demand deposits	\$138,308	\$165,747
Certificates of deposit	37,672	
Total deposits	175,980	165,747

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

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$342,079	\$338,552	(\$3,527)
Special Revenue	372,909	210,257	(162,652)
Capital Projects	44,663	44,663	0
Permanent	9,612	9,612	0
Enterprise	314,103	313,451	(652)
Total	\$1,083,366	\$916,535	(\$166,831)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$323,129	\$320,984	\$2,145
Special Revenue	245,594	244,993	601
Capital Projects	44,663	44,663	0
Permanent	20	0	20
Enterprise	292,481	292,438	43
Total	\$905,887	\$903,078	\$2,809

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$311,824	\$321,032	\$9,208
Special Revenue	837,666	687,756	(149,910)
Enterprise	323,812	245,103	(78,709)
Total	\$1,473,302	\$1,253,891	(\$219,411)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$311,321	\$304,797	\$6,524
Special Revenue	659,985	683,438	(23,453)
Enterprise	317,384	317,822	(438)
Total	\$1,288,690	\$1,306,057	(\$17,367)

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(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 or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
USDA Dump Truck Loan	\$18,588	4.375%
Sanitary Sewer Mortgage Revenue Bonds	\$270,000	5%
Ohio Public Works Commission Loans	\$162,977	0%
Ohio Water Development Authority Loan	\$12,214	varies
Water System Mortgage Revenue Bonds	997,300	4.125%
Total	\$1,461,079	

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

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

The Ohio Public Works Commission (OPWC) loans relate to the waterline replacement project in the Village. The initial loan 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 utility receipts.

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

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. DEBT--(Continued)

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 utility 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.

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

Year ending December 31:	USDA Dump Truck Loan	Sewer Mortgage Revenue Bonds	OPWC Loans	OWDA Loans	Water System Mortgage Revenue Bonds
2012	\$3,140	\$53,400	\$16,536	\$2,304	\$55,139
2013	3,140	53,500	16,536	2,260	55,062
2014	3,140	53,500	16,536	2,215	55,063
2015	3,140	53,400	16,536	2,170	55,040
2016	3,140	53,200	16,536	2,125	55,093
2017-2021	6,280	105,400	58,376	2,080	275,250
2022-2026			21,921		275,418
2027-2031					275,424
2032-2036					275,350
2037-2041					275,214
2042-2045					220,376
Total	<u>\$21,980</u>	<u>\$372,400</u>	<u>\$162,977</u>	<u>\$13,154</u>	<u>\$1,872,429</u>

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 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, 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, 2011.

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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.

9. RESTATEMENT OF FUND BALANCES

The prior year report accounted for outstanding checks as a reconciling item. These checks were voided and subsequently added back to the original fund. The restatement had the following effect on fund balance at January 1, 2011.

	General	Special Revenue	Enterprise
Fund Balance, 1/1/2011	(\$ 5,061)	\$ 162,624	\$ 591
Outstanding checks added back	866	188	214
Fund Balance, 1/1/2011	(\$ 4,195)	\$ 162,812	\$ 805



Dave Yost • 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
60 East Main Street
Salineville, Ohio 43945

To the Village Council:

We have audited the financial statements of the Village of Salineville, Columbiana County, (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 12, 2012 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 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(A) mandates the Auditor of State to audit Ohio governments. We were unable to express an opinion on the Fines, Licenses and Permits receipts and Other Operating disbursements of the Mayor's Court Agency Fund for the years ended December 31, 2011 and 2010 because we were unable to obtain sufficient evidence to support the 2011 and 2010 Fines, Licenses and Permits receipts and Other operating disbursements reported for this fund. We also qualified our opinion on the Fines, Licenses and Permits receipts reported within the General fund because we were not able to obtain sufficient evidence to reasonably assure completeness. For the period ending December 31, 2011, we also noted the Village adopted Governmental Accounting Standards Board Statement No. 54. Except as discussed in the second and third preceding sentences, 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 opinions 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 a deficiency in internal control over financial reporting, that we consider a material weakness.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2011-01.

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 12, 2012.

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.



Dave Yost
Auditor of State

March 12, 2012

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-01

Noncompliance Citation/Material Weakness

Ohio Revised Code Section 1905.21 states that the mayor of a municipal corporation and a mayor's court magistrate shall keep a docket. Neither the mayor of a municipal corporation nor a mayor's court magistrate shall retain or receive for his/her own use any of the fines, forfeitures, fees or costs he/she collects. The mayor shall account for and dispose of all fines, forfeitures fees and costs he/she collects as provided in section 733.40 of the Ohio Revised Code.

The Village did not keep a cash book, duplicate receipts and a list of open items to account for the fines, forfeitures, fees or costs collected or the disposition of the fines, forfeitures, fees and costs collected. We were unable to obtain sufficient evidential matter supporting the amounts recorded as Fines, Licenses and Permits receipts and Other Operating disbursements reported in the General and Magistrate's Court Funds for the years ended December 31, 2011 and 2010.

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

Officials' Response:

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

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**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	ORC Section 5705.41(D), disbursements not properly certified	No	Partially Corrected, this comment is repeated in the management letter.
2009-002	Village Ordinance 930 regarding sanitary sewer system first mortgage revenue bonds	Yes	
2009-003	Receipts and Disbursements not properly classified	Yes	

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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
AUGUST 14, 2012