



**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Salesville  
Guernsey County  
114 Main Street  
Salesville, Ohio 43778

To the Village Council:

We have audited the accompanying financial statements of the Village of Salesville, Guernsey County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Salesville, Guernsey County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

July 25, 2000

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$1,134	\$5,352	\$	\$6,486
Intergovernmental Receipts	3,873	5,770		9,643
Earnings on Investments	788	160		948
Miscellaneous		2,664		2,664
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	5,795	13,946	0	19,741
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	60	3,754		3,814
Public Health Services	9			9
Leisure Time Activities		457		457
Transportation		7,434		7,434
General Government	3,798	256		4,054
Capital Outlay			39	39
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	3,867	11,901	39	15,807
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	1,928	2,045	(39)	3,934
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	5,879	26,910	39	32,828
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$7,807</u></b>	<b><u>\$28,955</u></b>	<b><u>\$0</u></b>	<b><u>\$36,762</u></b>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$0	\$2,500	\$0	\$2,500
	<hr/>	<hr/>	<hr/>	<hr/>

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

**VILLAGE OF SALESVILLE  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$8,000
Total Operating Cash Receipts	8,000
<b>Operating Cash Disbursements:</b>	
Contractual Services	7,672
Total Operating Cash Disbursements	7,672
Operating Income/(Loss)	328
Fund Cash Balances, January 1	4,500
<b>Fund Cash Balances, December 31</b>	<b>\$4,828</b>
Reserve for Encumbrances, December 31	\$0

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



**VILLAGE OF SALESVILLE  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$1,194	\$5,590	\$	\$6,784
Intergovernmental Receipts	4,740	5,934	1,362	12,036
Earnings on Investments	682			682
Miscellaneous	1,246			1,246
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	7,862	11,524	1,362	20,748
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	60	3,294		3,354
Public Health Services	10			10
Transportation		2,560		2,560
General Government	3,437	2,138		5,575
Capital Outlay			1,323	1,323
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	3,507	7,992	1,323	12,822
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	4,355	3,532	39	7,926
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	1,524	23,378	0	24,902
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$5,879</u></b>	<b><u>\$26,910</u></b>	<b><u>\$39</u></b>	<b><u>\$32,828</u></b>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$576</u>	<u>\$127</u>	<u>\$0</u>	<u>\$703</u>

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

**VILLAGE OF SALESVILLE  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 PROPRIETARY FUND TYPE  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$4,500
Total Operating Cash Receipts	4,500
Operating Income/(Loss)	4,500
Fund Cash Balances, January 1	0
<b>Fund Cash Balances, December 31</b>	<b>\$4,500</b>
Reserve for Encumbrances, December 31	\$0

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

**VILLAGE OF SALESVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Salesville, Guernsey 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 maintenance of roads, and fire protection. The Village contracts with the Village of Quaker City to provide fire protection and emergency services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost

**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 license tax money for constructing, maintaining and repairing Village streets.

Fire District Levy Fund- This fund receives property tax money to provide fire protection for the residents of the Village.

Current Expense Levy Fund- This fund receives property tax money to be used for street lighting and general operations.

**VILLAGE OF SALESVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Grant Construction Fund- This fund receives Issue II state grant funding to upgrade the Village park.

**4. Proprietary Fund (Enterprise Fund)**

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 Replacement Fund - This fund receives water tap funds from residents to cover the cost of repairing water lines and eventually will be used for the new water system project.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund 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 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 in the subsequent year. The Village did not encumber all commitments required by Ohio Law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**VILLAGE OF SALESVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$31,234	\$37,328
Certificates of deposit	<u>10,356</u>	<u>          </u>
Total deposits	<u>\$41,590</u>	<u>\$37,328</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,566	\$ 5,795	\$ 229
Special Revenue	32,129	13,946	(18,183)
Capital Projects	1,362	0	(1,362)
Enterprise	<u>8,000</u>	<u>8,000</u>	<u>0</u>
Total	<u>\$ 47,057</u>	<u>\$ 27,741</u>	<u>\$ (19,316)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 11,445	\$ 3,867	\$ 7,578
Special Revenue	59,037	14,401	44,636
Capital Projects	1,401	39	1,362
Enterprise	<u>12,500</u>	<u>7,672</u>	<u>4,828</u>
Total	<u>\$ 84,383</u>	<u>\$ 25,979</u>	<u>\$ 58,404</u>

**VILLAGE OF SALESVILLE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,068	\$ 7,862	\$ 2,794
Special Revenue	12,033	11,524	(509)
Capital Projects	0	1,362	1,362
Enterprise	0	4,500	4,500
Total	\$ 17,101	\$ 25,248	\$ 8,147

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,587	\$ 4,183	\$ 2,404
Special Revenue	35,409	8,019	27,390
Capital Projects	1,362	1,323	39
Enterprise	0	0	0
Total	\$ 43,358	\$ 13,525	\$ 29,833

**4. PROPERTY TAX**

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

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

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

**5. RETIREMENT SYSTEMS**

The Village's employees and elected officials do not belong to the Public Employees Retirement System (PERS) of Ohio.

**6. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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



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

Village of Salesville  
Guernsey County  
114 Main Street  
Salesville, Ohio 43778

To the Village Council:

We have audited the accompanying financial statements of the Village of Salesville, Guernsey County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-31030-001 and 1999-31030-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 25, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 25, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

July 25, 2000



**VILLAGE OF SALESVILLE  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-31030-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or 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:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any 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.
  
- B. Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Thirty-three percent of the transactions tested in 1999 and sixty-four percent of the transactions tested in 1998 did not include prior certification of the Clerk, nor was there evidence of a "then and now" certificate being used by the Clerk.

We recommend that the Clerk certify the availability of funds prior to the cash expenditure, and to encumber the entire amount of the invoice at the time the purchase order is approved.

**FINDING NUMBER 1999-31030-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 states, in part, that the total appropriation from each fund should not exceed the total estimated revenue.

In 1998 the Grant Construction Fund, Capital Project Fund Type, was found to have appropriations in excess of the total estimated revenue by \$1,362.

We recommend the Clerk amend the certificate of estimated resources or modify total appropriations with the Board of Trustees and County Budget Commission whenever appropriations exceed estimated revenue.





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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**VILLAGE OF SALESVILLE**

**GUERNSEY 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**  
**SEPTEMBER 26, 2000**