



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Salineville
Columbiana County
34 Washington 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, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Salineville, Columbiana County, as of December 31, 2001 and 2000, 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 March 1, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, 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

March 1, 2002

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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, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$181,049	\$79,990		\$261,039
Intergovernmental Receipts	30,132	61,931		92,063
Charges for Services	60	9,992		10,052
Fines, Licenses, and Permits	12,087	140		12,227
Earnings on Investments	3,086	1,349		4,435
Miscellaneous	22,940			22,940
	<u>249,354</u>	<u>153,402</u>		<u>402,756</u>
Total Cash Receipts				
	<u>249,354</u>	<u>153,402</u>		<u>402,756</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	132,900	21,526		154,426
Public Health Services		18,170		18,170
Transportation	1,200	83,400		84,600
General Government	135,645	15,147		150,792
Debt Service:				
Debt Payments		19,142	\$7,193	26,335
		<u>19,142</u>	<u>\$7,193</u>	<u>26,335</u>
Total Cash Disbursements				
	<u>269,745</u>	<u>157,385</u>	<u>7,193</u>	<u>434,323</u>
Total Receipts Over/(Under) Disbursements	<u>(20,391)</u>	<u>(3,983)</u>	<u>(7,193)</u>	<u>(31,567)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	8,763		266	9,029
Transfers-Out	(266)	(8,763)		(9,029)
	<u>8,497</u>	<u>(8,763)</u>	<u>266</u>	
Total Other Financing Receipts/(Disbursements)				
	<u>8,497</u>	<u>(8,763)</u>	<u>266</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(11,894)</u>	<u>(12,746)</u>	<u>(6,927)</u>	<u>(31,567)</u>
Fund Cash Balances, January 1	<u>29,755</u>	<u>170,842</u>	<u>7,235</u>	<u>207,832</u>
Fund Cash Balances, December 31	<u>\$17,861</u>	<u>\$158,096</u>	<u>\$308</u>	<u>\$176,265</u>
Reserves for Encumbrances, December 31		<u>\$1,032</u>		<u>\$1,032</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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$286,642
Miscellaneous	19
	286,661
Total Operating Cash Receipts	286,661
Operating Cash Disbursements:	
Personal Services	64,401
Fringe Benefits	11,433
Contractual Services	61,960
Supplies and Materials	22,258
Capital Outlay	74,621
	234,673
Total Operating Cash Disbursements	234,673
Operating Income/(Loss)	51,988
Non-Operating Cash Receipts:	
Interest	8,722
Special Assessments	153
Proceeds from Notes and Bonds	39,061
Other Non-Operating Receipts	1,687
	49,623
Total Non-Operating Cash Receipts	49,623
Non-Operating Cash Disbursements:	
Debt Service	81,144
Other Non-Operating Cash Disbursements	15
	81,159
Total Non-Operating Cash Disbursements	81,159
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	20,452
Transfers-In	130,301
Transfers-Out	(130,301)
	20,452
Net Receipts Over/(Under) Disbursements	20,452
Fund Cash Balances, January 1	150,329
Fund Cash Balances, December 31	\$170,781

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, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$179,452	\$81,948		\$261,400
Intergovernmental Receipts	81,942	70,847		152,789
Charges for Services	30	8,903		8,933
Fines, Licenses, and Permits	5,685	136		5,821
Earnings on Investments	3,286	1,510		4,796
Miscellaneous	19,873			19,873
	<u>290,268</u>	<u>163,344</u>		<u>453,612</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	142,078	40,254		182,332
Public Health Services		20,758		20,758
Transportation		67,856		67,856
General Government	132,546	3,629		136,175
Capital Outlay	19,595			19,595
Debt Service:				
Debt Payments		19,142	\$7,193	26,335
	<u>294,219</u>	<u>151,639</u>	<u>7,193</u>	<u>453,051</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(3,951)</u>	<u>11,705</u>	<u>(7,193)</u>	<u>561</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		16,691	10,000	26,691
Transfers-Out	<u>(26,691)</u>			<u>(26,691)</u>
Total Other Financing Receipts/(Disbursements)	<u>(26,691)</u>	<u>16,691</u>	<u>10,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(30,642)	28,396	2,807	561
Fund Cash Balances, January 1	<u>60,397</u>	<u>142,446</u>	<u>4,428</u>	<u>207,271</u>
Fund Cash Balances, December 31	<u>\$29,755</u>	<u>\$170,842</u>	<u>\$7,235</u>	<u>\$207,832</u>
Reserves for Encumbrances, December 31		<u>\$2,000</u>		<u>\$2,000</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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$258,302
Total Operating Cash Receipts	258,302
Operating Cash Disbursements:	
Personal Services	63,465
Fringe Benefits	10,286
Contractual Services	63,665
Supplies and Materials	30,944
Capital Outlay	135,417
Total Operating Cash Disbursements	303,777
Operating Income/(Loss)	(45,475)
Non-Operating Cash Receipts:	
Interest	8,629
Special Assessments	299
Proceeds from Notes and Bonds	110,003
Other Non-Operating Receipts	737
Total Non-Operating Cash Receipts	119,668
Non-Operating Cash Disbursements:	
Debt Service	67,249
Total Non-Operating Cash Disbursements	67,249
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	6,944
Transfers-In	101,385
Transfers-Out	(101,385)
Net Receipts Over/(Under) Disbursements	6,944
Fund Cash Balances, January 1	143,385
Fund Cash Balances, December 31	\$150,329

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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Salineville, Columbiana County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, street maintenance and repair, and police protection. The Village contracts with the Village's volunteer fire department to provide fire protection within the Village.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 Funds

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:

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives intergovernmental receipts for constructing, maintaining and repairing Village streets.

Fire Levy Fund - This fund receives tax levy monies for fire protection within the Village.

3. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Debt Service Fund - This fund receives transfers from the general fund to pay debt obligations.

4. Enterprise Funds

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

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

Sewer Revenue Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

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 fund and 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. The Village had disbursements which exceeded appropriations contrary to Ohio Revised Code § 5705.41(B).

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.

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 279,734	\$ 270,011	\$ 9,723
Special Revenue	235,814	167,180	68,634
Debt Service	7,800	7,193	607
Enterprise	193,300	446,133	(252,833)
Total	<u>\$ 716,648</u>	<u>\$ 890,517</u>	<u>\$ (173,869)</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 258,161	\$ 290,268	\$ 32,107
Special Revenue	167,579	180,035	12,456
Debt Service	10,000	10,000	0
Enterprise	246,000	479,355	233,355
Total	<u>\$ 681,740</u>	<u>\$ 959,658</u>	<u>\$ 277,918</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 358,323	\$ 320,910	\$ 37,413
Special Revenue	254,286	153,639	100,647
Debt Service	10,589	7,193	3,396
Enterprise	262,215	472,411	(210,196)
Total	<u>\$ 885,413</u>	<u>\$ 954,153</u>	<u>\$ (68,740)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Enterprise Fund Type by \$252,833 for the year ended December 31, 2001 and by \$210,196 for the year ended December 31, 2000.

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.

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX (Continued)

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 one 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, 2001 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$ 212,625	0.00%
Water and Sewer General Obligation Bonds	577,000	5.00%
General Obligation Notes	161,785	5.88 % - 6.05%
Ohio Water Development Authority Loans	157,064	0.00% - 6.41%
Total	\$ 1,108,474	

The proceeds of the General Obligation Notes were used to purchase a fire truck and to purchase a building for the Village's use. The original loan amount for the fire truck was \$139,964 and approved in 1998. The original loan amount for the building was \$70,000 and was approved in 1996. The assets purchased with loan proceeds, the fire truck and the building, were used as collateral, respectively.

The Water and Sewer General Obligation Bonds relate to a water and sewer plant expansion and improvement project. The original bond amount of \$587,000 was approved in 1979. The bonds are collateralized by future water and sewer receipts.

The Ohio Public Works Commission (OPWC) Loan was used for a water line replacement project in the Village. The original loan amount of \$243,000 was approved in 1999. The loan is collateralized by future water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) Loans were used to plan and implement water system improvements for the Village. The original loan amounts of \$25,000 and \$200,000 were approved in 1996 and 2000, respectively. The loans are collateralized by future water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX (Continued)

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**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. DEBT (Continued)

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

Year ending December 31:	OPWC Loans	General Obligation Loans	Water and Sewer Bonds	OWDA Loans
2002	\$ 6,075	\$ 26,335	\$ 53,000	\$ 2,000
2003	6,075	26,335	52,850	2,000
2004	6,075	26,335	53,650	2,000
2005	6,075	26,335	53,350	2,000
2006	6,075	26,335	53,000	2,000
Subsequent	<u>182,250</u>	<u>77,396</u>	<u>638,750</u>	<u>262,085</u>
Total	<u>\$ 212,625</u>	<u>\$ 209,071</u>	<u>\$ 904,600</u>	<u>\$ 272,085</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time Village employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. For 2001 and 2000, PERS members contribute 8.5% of their gross salaries. The Village contributed an amount equal to 13.55 % of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

9. LEGAL COMPLIANCE

As required by Ohio Revised Code § 733.28 and § 733.45, all financial activity of the Village was not recorded on the Village's official ledgers. Specifically, the transactions of the water and sewer departments were not recorded on Village records maintained by the Village Clerk/Treasurer.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Village of Salineville
Columbiana County
34 Washington 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, 2001 and 2000, and have issued our report thereon dated March 1, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-31241-001 through 2001-31241-003 . We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 1, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Salineville'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 March 1, 2002.

This report is intended for the information and use of management and 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 stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

March 1, 2002

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-31215-001

Ohio Revised Code § 733.28 and 733.45 provide that the village clerk/treasurer shall keep the books of the village, exhibit accurate statements of all monies received and expended, of all the property owned by the village and the income derived therefrom, and of all taxes and assessments. The clerk/treasurer shall keep an accurate record of all moneys received by him/her, showing the amount thereof, from whom and on which account received. The clerk/treasurer shall keep an accurate account of all disbursements made by him/her, showing the amount thereof, to whom and on what account paid. The books shall be arranged so the amounts received and the amounts paid on account be exhibited in separate funds.

During 2000, the Village utility department did not provide financial information to the Clerk/Treasurer regarding water and sewer receipts and disbursements. As a result, water and sewer financial activity was not recorded on the Village's official ledgers. Water and sewer receipts and disbursements were also accounted for using a separate checking account outside the Clerk/Treasurer's control. The Village has adjusted the 2000 financial statements to include this activity and discontinued this practice during 2001.

The Village should ensure the Clerk/Treasurer is provided appropriate information to record all financial activity of the Village in the receipts ledger, appropriation ledger and the cash journal, as appropriate, so that accurate statements of all moneys received and expended can be prepared. Periodically, financial reports including all activity of the Village should be submitted to Council for review. Failure to post all financial activity to the Village ledgers resulted in several errors on the annual financial statements. Adjustments to include activity of all funds were made by the Village and are included in the financial statements.

FINDING NUMBER 2001-31215-002

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

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Council.

The Village did not properly certify 20% of tested expenditures in 2001 and 23% of tested expenditures in 2000 . This included purchases which were not certified at all and purchases which were certified by the Village Administrator.

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. The Village should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.

FINDING NUMBER 2001-31215-003

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

Expenditures exceeded appropriations in the Enterprise Fund Type by 131% during 2001 and 81% during 2000.

The Village Clerk/Treasurer should monitor expenditures by comparing the expenditures to appropriations and should approach Village Council to request amendments to the original appropriations as necessary to guard against overspending.

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-31215-001	ORC § 733.28 and 733.45 The records did not contain all funds of the Village.	No	Cited again as Finding Number 2001-31215-001
1999-31215-002	ORC § 5705.41(D) Disbursements were not properly certified.	No	Cited again as Finding Number 2001-31215-002
1999-31215-003	ORC §5705.39 Appropriations exceeded total available resources	No	Cited again in the Management Letter.
1999-31215-004	ORC § 5705.41(B) Expenditures exceeded appropriations	No	Cited again as Finding Number 2001-31215-003
1999-31215-005	OAC Rules 117-5-05, 117-5-06 and 117-5-08 Disbursements were not properly classified.	No	Management Letter Recommendation
1999-31215-006	OAC Rule 117-5-07 Receipts were not properly classified.	No	Management Letter Recommendation
1999-31215-007	Estimated receipts exceeded actual receipts	No	Management Letter Recommendation



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OFFICE OF THE AUDITOR

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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
JUNE 25, 2002**