



**Auditor of State
Betty Montgomery**

VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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, Ohio, (the Village) as of and for the years ended December 31, 2003 and 2002. 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.

The Village's financial transactions were processed using 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 conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe 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, Ohio, as of December 31, 2003 and 2002, 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 August 18, 2004 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.

Village of Salineville
Columbiana County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 18, 2004

**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, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$27,048	\$84,014	\$111,062
Municipal Income Tax	136,955	45,557	182,512
Intergovernmental Receipts	46,736	55,449	102,185
Charges for Services	4,221	9,818	14,039
Fines, Licenses, and Permits	6,294	118	6,412
Earnings on Investments	5,775	643	6,418
Miscellaneous	18,403		18,403
	<u>245,432</u>	<u>195,599</u>	<u>441,031</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	151,145	47,473	198,618
Public Health Services		22,136	22,136
Transportation		111,293	111,293
General Government	113,254	10,013	123,267
Debt Service:			
Principal Payments	6,727	11,771	18,498
Interest Payments	2,356	4,263	6,619
	<u>273,482</u>	<u>206,949</u>	<u>480,431</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(28,050)</u>	<u>(11,350)</u>	<u>(39,400)</u>
Other Financing Receipts and (Disbursements):			
Sale of Bonds or Notes	<u>26,470</u>		<u>26,470</u>
Total Other Financing Receipts/(Disbursements)	<u>26,470</u>		<u>26,470</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,580)	(11,350)	(12,930)
Fund Cash Balances, January 1	<u>3,214</u>	<u>137,326</u>	<u>140,540</u>
Fund Cash Balances, December 31	<u>\$1,634</u>	<u>\$125,976</u>	<u>\$127,610</u>
Reserves for Encumbrances, December 31	<u>\$2,522</u>	<u>\$4,914</u>	<u>\$7,436</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 - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$268,941
Total Operating Cash Receipts	268,941
Operating Cash Disbursements:	
Personal Services	96,128
Fringe Benefits	300
Contractual Services	62,134
Supplies and Materials	41,228
Capital Outlay	16,947
Total Operating Cash Disbursements	216,737
Operating Income/(Loss)	52,204
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	
Intergovernmental Receipts	16,947
Earnings on Investments	28
Total Non-Operating Cash Receipts	16,975
Non-Operating Cash Disbursements:	
Debt Service:	
Principal Payments	38,150
Interest Payments	28,850
Total Non-Operating Cash Disbursements	67,000
Net Receipts Over/(Under) Disbursements	2,179
Fund Cash Balances, January 1	252,553
Fund Cash Balances, December 31	\$254,732

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, 2002**

	<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	\$26,189	\$74,704		\$100,893
Municipal Income Tax	143,977	47,255		191,232
Intergovernmental Receipts	37,706	84,442		122,148
Charges for Services	4,775	9,485		14,260
Fines, Licenses, and Permits	11,610	172		11,782
Earnings on Investments	7,315	942		8,257
Miscellaneous	10,412			10,412
	<hr/>	<hr/>		<hr/>
Total Cash Receipts	241,984	217,000		458,984
Cash Disbursements:				
Current:				
Security of Persons and Property	147,471	19,287		166,758
Public Health Services		20,721		20,721
Leisure Time Activities		30,704		30,704
Transportation		120,676		120,676
General Government	94,498	35,166		129,664
Debt Service:				
Principal Payments	4,557	12,000		16,557
Interest Payments	2,637	7,142		9,779
	<hr/>	<hr/>		<hr/>
Total Cash Disbursements	249,163	245,696		494,859
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>		<hr/>
	(7,179)	(28,696)		(35,875)
Other Financing Receipts and (Disbursements):				
Transfers-In	308	7,926		8,234
Transfers-Out	(7,926)		(308)	(8,234)
Other Financing Sources	150			150
	<hr/>	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	(7,468)	7,926	(308)	150
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(14,647)	(20,770)	(308)	(35,725)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	17,861	158,096	308	176,265
Fund Cash Balances, December 31	<hr/> \$3,214 <hr/>	<hr/> \$137,326 <hr/>	<hr/> \$0 <hr/>	<hr/> \$140,540 <hr/>
Reserves for Encumbrances, December 31	<hr/>	<hr/>		<hr/>
	\$2,527	\$1,358		\$3,885

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 - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$270,990
Fines, License, and Permits	750
Total Operating Cash Receipts	271,740
Operating Cash Disbursements:	
Personal Services	85,160
Fringe Benefits	302
Contractual Services	69,512
Supplies and Materials	22,515
Capital Outlay	121,443
Total Operating Cash Disbursements	298,932
Operating Income/(Loss)	(27,192)
Non-Operating Cash Receipts:	
Intergovernmental Receipts	61,005
Proceeds from Notes and Bonds	62,072
Earnings on Investments	37
Total Non-Operating Cash Receipts	123,114
Non-Operating Cash Disbursements:	
Debt Service:	
Principal Payments	14,150
Total Non-Operating Cash Disbursements	14,150
Net Receipts Over/(Under) Disbursements	81,772
Fund Cash Balances, January 1	170,781
Fund Cash Balances, December 31	\$252,553

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, 2003 AND 2002**

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 services. The Village contracts with the Columbiana County Sheriff's department to provide security of persons and property. The Village contracts with Salineville Volunteer Fire Department for fire protection 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

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 Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Debt Service Fund

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 received transfers –in from the General Fund to pay note indebtedness.

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

Sewer Operating 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 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.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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.

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	2003	2002
Demand deposits	\$211,039	\$227,133
Certificates of deposit	171,303	165,960
Total deposits	\$382,342	\$393,093

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$320,080	\$271,902	(\$48,178)
Special Revenue	153,641	195,599	41,958
Enterprise	269,087	285,916	16,829
Total	\$742,808	\$753,417	\$10,609

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$298,122	\$276,004	\$22,118
Special Revenue	249,556	211,863	37,693
Enterprise	324,643	283,737	40,906
Total	\$872,321	\$771,604	\$100,717

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$268,772	\$242,442	(\$26,330)
Special Revenue	213,288	224,926	11,638
Debt Service	8,240		(8,240)
Enterprise	278,843	394,854	116,011
Total	\$769,143	\$862,222	\$93,079

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$290,759	\$259,616	\$31,143
Special Revenue	195,092	247,054	(51,962)
Debt Service	8,279	308	7,971
Enterprise	341,378	313,082	28,296
Total	\$835,508	\$820,060	\$15,448

Contrary to Ohio Revised Code 5705.41(D), the Village did not certify or record the amount against the applicable appropriation accounts for all tested expenditures.

4. PROPERTY TAX

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

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.

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$157,348	0%-6.4%
Water and Sewer General Obligation Bonds	553,000	5.00%
General Obligation Notes	152,928	4.0%-6.0%
Ohio Public Works Commission Loans	246,811	0.00%
Total	<u>\$1,110,087</u>	

The Ohio Water Development Authority (OWDA) Loans were used to plan a water system for the Village and a waterline replacement project. The water system planning loan had an original loan amount of \$25,000 was approved in 1996. The OWDA has approved up to \$200,000 in additional loans to the Village for the waterline replacement project. This loan will be repaid in a balloon payment on July 1, 2005. The loans are collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

The Village has three General Obligation Notes. The Mortgage Loan was used to purchase a building for the Village. The original loan amount of \$70,000 was approved in 1996 and the building was used as collateral. The Fire Truck Loan was used to purchase a fire truck for the Village. The original loan amount of \$139,964 was approved in 1998 and the fire truck was used as collateral. The Cruiser Loan was used to purchase two new cruisers for the Village. The original loan amount of \$26,590 was approved in 2003 and the cruisers were used as collateral.

The Ohio Public Works Commission (OPWC) loans relate to a waterline replacement project in the Village. The initial original loan amount of \$243,000 was approved in 1999. The OPWC has approved up to \$91,000 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$2,275 beginning 1/1/05. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

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

<u>Year Ending December 31</u>	<u>OWDA Loans</u>	<u>Water and Sewer Bonds</u>	<u>Obligation Loans</u>	<u>OPWC Loans</u>
2004	\$2,000	\$53,650	\$32,044	\$6,075
2005	2,000	53,350	32,044	16,700
2006	2,000	53,000	32,044	16,700
2007	202,000	53,600	32,044	16,700
2008	2,000	53,100	29,537	16,700
2009-2013	4,000	266,550	24,729	83,500
2014-2018		265,500		83,500
				39,450
Total	<u>\$214,000</u>	<u>\$798,750</u>	<u>\$182,442</u>	<u>\$279,325</u>

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RETIREMENT SYSTEMS

The Village's full-time law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

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.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT 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, Ohio (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 18, 2004 wherein we noted that the Village's financial transactions were processed using 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 conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as required, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item number 2003-001. We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 18, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 August 18, 2004.

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Village of Salineville
Columbiana County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

August 18, 2004

**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

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

- 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 contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council 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 \$1,000 (\$3,000 after April 7, 2003), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

The Village did not properly certify or record the amount against the applicable appropriation accounts for 33% of tested expenditures from 2002 and 43% of tested expenditures from 2003. The Village did not utilize the certification exceptions described above for those expenditures lacking prior or simultaneous certification.

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 the commitment.

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**VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-31215-001	ORC Section 733.28 and 733.45 The Village records did not contain all funds of the Village.	Yes	Fully Corrected.
2001-31215-002	ORC Section 5705.41(D) Disbursements were not properly certified.	No	Cited again a Finding Number 2003-001
2001-31215-003	ORC Section 5705.41(B) Expenditures exceeded appropriations.	No	Cited again in the Management Letter.



**Auditor of State
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**VILLAGE OF SALINESVILLE
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
NOVEMBER 9, 2004**