

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

*Financial Statements*  
**(Audited)**

For The Years Ended  
December 31, 2015 and 2014

**TINA MOORE, FISCAL OFFICER**





# Dave Yost • Auditor of State

Village Council  
Village of Summitville  
13705 State Route 644  
Hanoverton, Ohio 44423

We have reviewed the *Independent Auditor's Report* of the Village of Summitville, Columbiana County, prepared by Julian & Grube, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Summitville is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

June 10, 2016

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**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report**

Village of Summitville  
Columbiana County  
13705 State Route 644  
Hanoverton, Ohio 44423

To the Members of Council and Mayor:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Summitville, Columbiana County, Ohio, as of and for the years ended December 31, 2015 and 2014.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Summitville's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Summitville's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village of Summitville prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Members of Council and Mayor  
Village of Summitville  
Page Two

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village of Summitville does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Summitville as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Summitville, Columbiana County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2016, on our consideration of the Village of Summitville'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Summitville's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
March 29, 2016

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Property and local taxes	\$ 5,397	\$ 3,314	\$ 8,711
Intergovernmental	19,516	7,630	27,146
Total cash receipts	24,913	10,944	35,857
Cash disbursements:			
Current:			
Security of persons and property	6	3,357	3,363
Public health services	463	-	463
Community environment	343	-	343
Basic utility services	5,136	-	5,136
Transportation	-	1,268	1,268
General government	12,096	2,644	14,740
Total cash disbursements	18,044	7,269	25,313
Total cash receipts over cash disbursements	6,869	3,675	10,544
Other financing receipts:			
Other uses	(1)	-	(1)
Total other financing receipts	(1)	-	(1)
Net change in fund cash balances	6,868	3,675	10,543
Fund cash balances, January 1, 2015	7,263	10,358	17,621
Fund cash balances, December 31, 2015			
Restricted	-	14,033	14,033
Unassigned	14,131	-	14,131
Fund cash balances, December 31, 2015	\$ 14,131	\$ 14,033	\$ 28,164

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 8,322	\$ 2,840	\$ 11,162
Intergovernmental	15,944	10,168	26,112
Charges for services	-	30	30
Miscellaneous	1,927	274	2,201
Total cash receipts	<u>26,193</u>	<u>13,312</u>	<u>39,505</u>
Cash disbursements:			
Current:			
Security of persons and property	65	13,874	13,939
Public health services	492	-	492
Community environment	2,748	-	2,748
Basic utility services	2,100	-	2,100
Transportation	-	182	182
General government	12,937	7,309	20,246
Total cash disbursements	<u>18,342</u>	<u>21,365</u>	<u>39,707</u>
Total cash receipts over cash disbursements	<u>7,851</u>	<u>(8,053)</u>	<u>(202)</u>
Other financing receipts:			
Proceeds from sale of fixed assets	2,000	6,000	8,000
Transfers in	2,665	-	2,665
Total other financing receipts	<u>4,665</u>	<u>6,000</u>	<u>10,665</u>
Net change in fund cash balances	12,516	(2,053)	10,463
Fund cash balances, January 1, 2014	<u>(5,253)</u>	<u>12,411</u>	<u>7,158</u>
Fund cash balances, December 31, 2014			
Restricted	-	10,358	10,358
Unassigned	7,263	-	7,263
Fund cash balances, December 31, 2014	<u>\$ 7,263</u>	<u>\$ 10,358</u>	<u>\$ 17,621</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
BALANCES (CASH BASIS) - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Fiduciary Fund Type
	Agency
Operating cash disbursements:	
Miscellaneous	\$ 15
Total operating cash disbursements:	15
Operating income/(loss)	(15)
Income/(loss) before operating transfers and advances	(15)
Transfers out	(2,665)
Net income/(loss)	(2,680)
Fund cash balances, January 1, 2014	2,680
Fund cash balances, December 31, 2014	\$ -

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 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 Summitville, Columbiana County, (the "Village") as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, park operations, and police services. The Village contracts with the Franklin Township 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 permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for maintaining and repairing State highways.

Fire Levy Fund - This fund receives tax levy monies for the Village's contracted fire services.

**3. 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. The Village has no trust funds.

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 Mayor's Court activity. The Village's Mayor's Court discontinued operations in 2013.

**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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**F. Fund Balance**

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.

**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.

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**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.

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

**NOTE 2 - EQUITY IN POOLED DEPOSITS**

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

	2015	2014
Demand Deposits	\$ 28,164	\$ 17,621

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

**NOTE 3 - BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 28,529	\$ 24,913	\$ 3,616
Special Revenue	18,758	10,949	7,809
Total	\$ 47,287	\$ 35,862	\$ 11,425

2015 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 28,529	\$ 18,043	\$ 10,486
Special Revenue	18,758	7,269	11,489
Total	\$ 47,287	\$ 25,312	\$ 21,975

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 24,383	\$ 30,858	\$ 6,475
Special Revenue	37,671	19,312	(18,359)
Total	\$ 62,054	\$ 50,170	\$ (11,884)

2014 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 21,077	\$ 18,342	\$ 2,735
Special Revenue	25,616	21,365	4,251
Total	\$ 46,693	\$ 39,707	\$ 6,986

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 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.

Public utilities are also taxed on personal and real property located within the Village.

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

**NOTE 5 - DEBT**

During 2015 and 2014, the Village did not have any outstanding debt.

**NOTE 6 - RETIREMENT SYSTEM**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries.

**NOTE 7 - RISK MANAGEMENT**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.



**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 7 - RISK MANAGEMENT - (Continued)**

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 783 and 774 members as of December 31, 2014 and 2013, respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2014 and 2013 (the latest information available).

	<b>2014</b>	<b>2013</b>
Assets	\$14,830,185	\$13,774,303
Liabilities	(8,942,504)	(7,968,395)
Members’ Equity	\$5,887,681	\$5,805,908

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**NOTE 8 - ACCOUNTABILITY AND COMPLIANCE**

**Noncompliance**

- i.* The Village did not maintain accurate accounting records in noncompliance with Ohio Administrative Code Section 117-2-02(D).
- ii.* The Village is in noncompliance with Ohio Revised Code Section 5705.36 and 5705.39 for appropriations in excess of estimated resources.

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 - CONTINGENT LIABILITIES**

Litigation

The Village is currently not party to any legal proceedings.

**NOTE 10 - INTERFUND ACTIVITY**

Transfers made during the year ended December 31, 2014 were as follows:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 2,665	\$ -
<u>Agency Fund:</u>		
Mayor's Court	-	2,665
Total	\$ 2,665	\$ 2,665

Transfer was made from the Mayor's Court Fund to the General Fund to close out the Mayor's Court Fund.



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Village of Summitville  
Columbiana County  
13705 State Route 644  
Hanoverton, Ohio 44423

To the Members of Council and Mayor:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Summitville, Columbiana County, Ohio, as of and for the years ended December 31, 2015 and 2014 and the related notes to the financial statements and have issued our report thereon dated March 29, 2016 wherein we noted the Village of Summitville followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

#### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village of Summitville's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Summitville's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Summitville's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Members of Council and Mayor  
Village of Summitville

***Compliance and Other Matters***

As part of reasonably assuring whether the Village of Summitville's financial statement is 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, opining 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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2015-002 and 2015-003.

***Entity's Response to Findings***

The Village of Summitville's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Summitville's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village of Summitville's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Summitville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
March 29, 2016

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2015-001

Material Weakness - Financial Statement Presentation

A critical part of financial reporting is to maintain internal controls to help ensure the proper reporting of financial statement amounts.

We identified misstatements in the financial statements for the years under audit that were not initially identified by the Village’s internal control.

The Village had receipts and disbursements that were posted incorrectly according to the Village Handbook and the Ohio Revised Code. The Villages financial reports that Council is using to make decisions are not properly stated. The audited financial statements and Village records have been adjusted for the misstatements identified during the audit.

Proper posting of Village receipts and disbursements is a crucial part of the Village’s financial statements as potential users may rely on the statements to make decisions that could have an impact on the Village. In addition, improper posting of receipts could mislead the Members of Council and Village citizens during the year and additionally may misrepresent individual fund balances and possibly misrepresent budget and planning reports.

We recommend the Village consult with their auditors, an accounting/consulting firm, the Village Handbook and the Ohio Municipal League and consider obtaining an overall review of the financial statements and notes prior to submitting to the auditor as an additional internal control to help ensure accurate financial reporting.

*Client Response:* The Fiscal Office continues to work to provide a sound fiscal environment for the Village and has implemented policies and procedures to help with financial statement presentation.

Finding Number	2015-002
----------------	----------

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the Fiscal Officer that revenue to be collected will be greater or less than the amount in the last certified amended certificate.

The Village did not request timely amended certificates throughout the fiscal year upon notice of increased or decreased resources.

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2015-002 - (Continued)

The Village is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources, throughout the fiscal year and at fiscal year-end.

We recommend that the Village review its available resources versus its appropriations throughout the fiscal year and file amended certificates when necessary. This will facilitate the Village’s appropriation process.

*Client Response:* The Village will continue to monitor its expenditures versus appropriations on a monthly basis and make amendments to appropriations when necessary.

Finding Number	2015-003
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Ohio Revised Code Section 5705.39 requires that a subdivision’s total appropriations from each fund should not exceed total estimated resources.

The Village had total appropriations exceeding total estimated resources in the following fund at December 31, 2014:

	Appropriations		Resources		Excess
General Fund	\$ 21,077	\$	19,130	\$	1,947

With appropriations exceeding estimated resources, the Village may spend more funds than in the Treasury or in process of collection and cause fund deficits.

We recommend the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 and continually monitor appropriations versus estimated resources records. If it is determined that estimated resources will be different than initially anticipated, the Village should amend its estimate and also amend the appropriations as necessary; however, appropriations should not exceed estimated resources.

*Client Response:* This oversight will be corrected in the future.

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b><u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u></b>
2013-VOS-001	<u>Material Weakness - Budgetary Monitoring Controls</u> - The Village lacks monitoring controls over completing the necessary paperwork annually to be in compliance with the applicable Ohio Revised Code compliance sections.	Yes	N/A
2013-VOS-002	<u>Bank Reconciliations - Material Weakness</u> - The Village did not provide all bank statements or monthly bank reconciliations with supporting documentation.	Yes	N/A
2013-VOS-003	<u>Material Weakness - Financial Statement Presentation</u> - The Village had receipts and disbursements that were posted incorrectly according to the Village Handbook and the Ohio Revised Code.	No	Repeated as finding 2015-001
2013-VOS-004	<u>Accounting Records - Noncompliance/Material Weakness</u> - Ohio Administrative Code Section 117-2-02(D) provides all local public offices may maintain accounting records in a manual or computerized format. The Village did not maintain adequate accounting records for certain financial segments.	Yes	N/A
2013-VOS-005	Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the fiscal year or at fiscal year end. The Village had a negative fund balance in the General fund.	Yes	N/A
2013-VOS-006	<u>Noncompliance/Material Weakness - Mayors Court</u> - Ohio Revised Code Section 733.40 relates to the disposition of fines and other monies paid into a Mayors Court. Ohio Revised Code Section 1905.21 provides that the mayor of a municipal corporation and mayor's court magistrate shall keep a docket. The Village did not provide evidence of monies being paid to the Treasurer of the State for required fees.	Yes	N/A

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b><u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u></b>
2013-VOS-007	<u>Noncompliance/Material Weakness – Public Documents/Meeting Minutes</u> – Ohio Revised Code Section 149.011(G) defines a “record” for the public records law, as any document, device, or item, regardless of physical form or characteristic, created, received by, or coming under the jurisdiction of any public office which document the organization, functions, policies, decisions, procedures, operations, or other activities of the public office. The Village records were not maintained in an orderly fashion, nor were all minutes maintained.	Yes	N/A
2013-VOS-008	Ohio Revised Code Section 5705.41(D) requires 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 Village did not certify all disbursements and if there were purchase orders, they were not timely, and there was no evidence of Council approved appropriations.	Yes	N/A
2013-VOS-009	<u>Federal Tax Withholdings - Noncompliance</u> - 26 USCS Sections 3102 and 3402 require the employing government to withhold federal an employment-related taxes from each employee. The Village did not submit timely Federal withholding taxes to the IRS.	Yes	N/A



**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2013-VOS-010	<p>State Income Tax Withholdings - <u>Noncompliance</u> - Ohio Revised Code Section 5747.06 requires every employer, including political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to any employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year. The Village did not regularly remit State income tax withholdings.</p>	Yes	N/A
2013-VOS-011	<p>Ohio Revised Code Section 5705.38 requires the annual appropriation measure to be passed on or about the first day of each fiscal year. Temporary appropriations may be adopted until April 1 if the taxing authority wishes to postpone the passage of the annual appropriation measure until the county budget commission sends out the amended certificate based on year end balances. The Village could not provide evidence of any Council approved or certified permanent appropriations.</p>	Yes	N/A

**VILLAGE OF SUMMITVILLE  
COLUMBIANA COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2013-VOS-012	Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations. Expenditures exceeded appropriations.	Yes	N/A
2013-VOS-013	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. The Village had disbursements exceeding appropriations in all funds.	Yes	N/A



# Dave Yost • Auditor of State

VILLAGE OF SUMMITVILLE

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 23, 2016