



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF LIMAVILLE
STARK COUNTY
MAY 29, 2018
DECEMBER 31, 2017 AND 2016**

TABLE OF CONTENTS

TITLE	PAGE
Report on the Financial Statements, Internal Control, and Compliance.....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types for the Period Ended 05/29/18	3
Notes to the Financial Statements for the Period Ended 05/29/18.....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types for the Fiscal Year Ending 12/31/17	9
Notes to the Financial Statements for the Fiscal Year Ending 12/31/17	10
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types for the Fiscal Year Ending 12/31/16.....	15
Notes to the Financial Statements for the Fiscal Year Ending 12/31/16	16
Schedule of Findings	21
Summary Schedule of Prior Audit Findings (Prepared by Management).....	27

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OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South
700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Village of Limaville
Stark County
PO Box 27
Limaville, Ohio 44640

To the Village Council:

We have selectively tested certain accounts, financial records, reports and other documentation of the Village of Limaville, Stark County, (the Village), for the period ended May 29, 2018 and for the years ended December 31, 2017 and 2016. These procedures were designed to satisfy the audit requirements of Section 117.11, Ohio Rev. Code, and Section 117-4-02, Ohio Admin. Code. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider finding 2017-011 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Government, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2017-001 through 2017-010.



Keith Faber
Auditor of State

Columbus, Ohio

June 11, 2019

Village of Limaville, Ohio

Stark County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended May 29, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$5,960	\$0	\$0	\$5,960
Intergovernmental	3,757	1,629	0	5,386
Charges for Services	898	0	0	898
Earnings on Investments	1	0	0	1
Rent	1,000	0	0	1,000
Miscellaneous	25	0	0	25
<i>Total Cash Receipts</i>	<u>11,641</u>	<u>1,629</u>	<u>0</u>	<u>13,270</u>
Cash Disbursements				
Current:				
Basic Utility Services	716	0	0	716
Transportation	0	3,091	0	3,091
General Government	6,427	0	0	6,427
<i>Total Cash Disbursements</i>	<u>7,143</u>	<u>3,091</u>	<u>0</u>	<u>10,234</u>
<i>Net Change in Fund Cash Balances</i>	4,498	(1,462)	0	3,036
<i>Fund Cash Balances, January 1</i>	<u>9,349</u>	<u>5,358</u>	<u>3,683</u>	<u>18,390</u>
Fund Cash Balances, December 31				
Restricted	0	3,896	0	3,896
Assigned	0	0	3,683	3,683
Unassigned	13,847	0	0	13,847
<i>Fund Cash Balances, December 31</i>	<u>\$13,847</u>	<u>\$3,896</u>	<u>\$3,683</u>	<u>\$21,426</u>

See accompanying notes to the basic financial statements

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended May 29, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Limaville (the Village), Stark County, as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides government services and maintenance of roads and bridges. The Village contracts with Lexington Township to provide security of persons and property and fire protection services.

The village participates in one jointly governed organization, the Stark County Regional planning Commission. Note 9 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented as follows:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction, Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Grant Construction Fund The grant construction fund accounts for and reports proceeds of grants. The proceeds are committed for improvements within the Village.

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended May 29, 2018

Basis of Accounting

These financial statements follow 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). 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.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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

A summary of 2018 budgetary activity through May 29, 2018, appears in Note 4.

Deposits and Investments

Cash consists of demand deposits. The Village has no investments.

Capital Assets

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

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:

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended May 29, 2018

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

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.

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.

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.

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.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the general and street construction special revenue funds by \$7,143 and \$3,091, respectively, for the period ended May 29, 2018. Refer to Note 4.

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended May 29, 2018

Note 4 – Budgetary Activity

Budgetary activity for the period ending May 29, 2018, is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$11,641	\$11,641
Special Revenue	0	1,629	1,629
Total	\$0	\$13,270	\$13,270

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$0	\$7,143	(\$7,143)
Special Revenue	0	3,091	(3,091)
Total	\$0	\$10,234	(\$10,234)

Note 5 – Deposits and Investments

Deposits consist of demand deposits. The Village has no investments.

Deposits are fully insured by the Federal Depository Insurance Corporation.

Note 6 – Taxes

Property Taxes

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.

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

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended May 29, 2018

Note 7 – Retirement System

All members of the Village Council, the Clerk, and the Mayor have elected to contribute to Social Security. The Village’s liability is 6.2 percent of gross wages paid.

Note 8 – Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The Village pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

During 2018, the Village participated in the Ohio Municipal Joint Self-Insurance Pool, which is an unincorporated nonprofit association that provides property and casualty self-insurance for its members. Membership is restricted to municipal corporations and their instrumentalities in the State of Ohio. Under the terms of the membership agreement, members are subject to a supplemental assessment or a refund, depending on the Pool’s underwriting results for each coverage year.

Note 9 – Jointly Governed Organization

The Village is associated with the Stark County Regional Planning Commission (the Commission) as a jointly governed organization. The Commission is a statutorily-created political subdivision of the State. The Commission is jointly governed among Stark County municipalities and townships. Each member’s control over the operation of the Commission is limited to its representation on the board. The Commission formulates and reviews plans affecting long and short term social, economic, and governmental development within the region.

Note 10 – Subsequent Event

On May 8, 2018, Village residents voted in favor of the Village to surrender its corporate powers and cease to exist in accordance with Ohio Revised Code Section 703.20.

As of the date the Village officially surrendered its corporate powers and which the financial statements reflect, May 29, 2018, the Village has had the subsequent activity:

	Balance 5/29/2018	Revenues	Expenditures	Balance 6/11/2019 *
General Fund	\$13,847	\$29,930	\$9,551	\$34,226
Street Construction Special Revenue Fund	(4,922)	3,569	60	(1,413)
State Highway Special Revenue Fund	8,818	290	0	9,108
Grant Construction Capital Projects Fund	3,683	0	0	3,683
Total	\$21,426	\$33,789	\$9,611	\$45,604

* Latest Information Available

It should also be noted that Lexington Township took over grass cutting and street services for the areas covering the Village on June 18, 2018, and will assume all other functions of the Village upon closure of all account activity.

Village of Limaville, Ohio

Stark County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2017

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$10,593	\$0	\$0	\$10,593
Intergovernmental	8,515	4,373	0	12,888
Charges for Services	4,435	0	0	4,435
Earnings on Investments	2	0	0	2
Rent	1,750	0	0	1,750
Miscellaneous	300	0	0	300
<i>Total Cash Receipts</i>	<u>25,595</u>	<u>4,373</u>	<u>0</u>	<u>29,968</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,200	0	0	1,200
Basic Utility Services	3,096	0	0	3,096
Transportation	0	7,652	0	7,652
General Government	16,338	0	0	16,338
<i>Total Cash Disbursements</i>	<u>20,634</u>	<u>7,652</u>	<u>0</u>	<u>28,286</u>
<i>Net Change in Fund Cash Balances</i>	4,961	(3,279)	0	1,682
<i>Fund Cash Balances, January 1</i>	<u>4,388</u>	<u>8,637</u>	<u>3,683</u>	<u>16,708</u>
Fund Cash Balances, December 31				
Restricted	0	5,358	0	5,358
Assigned	0	0	3,683	3,683
Unassigned	9,349	0	0	9,349
<i>Fund Cash Balances, December 31</i>	<u>\$9,349</u>	<u>\$5,358</u>	<u>\$3,683</u>	<u>\$18,390</u>

See accompanying notes to the basic financial statements

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Limaville (the Village), Stark County, as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides government services and maintenance of roads and bridges. The Village contracts with Lexington Township to provide security of persons and property and fire protection services.

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Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Street Construction, Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Grant Construction Fund The grant construction fund accounts for and reports proceeds of grants. The proceeds are committed for improvements within the Village.

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Basis of Accounting

These financial statements follow 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). 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.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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

A summary of 2017 budgetary activity appears in Note 4.

Deposits and Investments

Cash consists of demand deposits. The Village has no investments.

Capital Assets

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

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:

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

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.

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.

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.

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.

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Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the general and street construction special revenue funds by \$20,634 and \$7,652, respectively, for the year ended December 31, 2017. Refer to Note 4.

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2017 is as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$25,595	\$25,595
Special Revenue	0	4,373	4,373
Total	\$0	\$29,968	\$29,968

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$0	\$20,634	(\$20,634)
Special Revenue	0	7,652	(7,652)
Total	\$0	\$28,286	(\$28,286)

Note 5 – Deposits and Investments

Deposits consist of demand deposits. The Village has no investments.

Deposits are fully insured by the Federal Depository Insurance Corporation.

Note 6 – Taxes

Property Taxes

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.

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

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 – Retirement System

All members of the Village Council, the Clerk, and the Mayor have elected to contribute to Social Security. The Village's liability is 6.2 percent of gross wages paid.

Note 8 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs

During 2017, the Village participated in the Ohio Municipal Joint Self-Insurance Pool, which is an unincorporated nonprofit association that provides property and casualty self-insurance for its members. Membership is restricted to municipal corporations and their instrumentalities in the State of Ohio. Under the terms of the membership agreement, members are subject to a supplemental assessment or a refund, depending on the Pool's underwriting results for each coverage year.

Note 9 – Jointly Governed Organization

The Village is associated with the Stark County Regional Planning Commission (the Commission) as a jointly governed organization. The Commission is a statutorily-created political subdivision of the State. The Commission is jointly governed among Stark County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission formulates and reviews plans affecting long and short term social, economic, and governmental development within the region

Note 10 – Subsequent Event

On May 8, 2018, Village residents voted in favor of the Village to surrender its corporate powers and cease to exist in accordance with Ohio Revised Code Section 703.20.

Village of Limaville, Ohio
Stark County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$10,227	\$0	\$0	\$10,227
Intergovernmental	8,609	4,134	0	12,743
Charges for Services	5,191	0	0	5,191
Fines, Licenses and Permits	39	0	0	39
Earnings on Investments	3	0	0	3
Rent	1,392	0	0	1,392
Miscellaneous	300	0	0	300
<i>Total Cash Receipts</i>	<u>25,761</u>	<u>4,134</u>	<u>0</u>	<u>29,895</u>
Cash Disbursements				
Current:				
Basic Utility Services	6,179	0	0	6,179
Transportation	0	5,958	0	5,958
General Government	20,525	0	0	20,525
<i>Total Cash Disbursements</i>	<u>26,704</u>	<u>5,958</u>	<u>0</u>	<u>32,662</u>
<i>Net Change in Fund Cash Balances</i>	(943)	(1,824)	0	(2,767)
<i>Fund Cash Balances, January 1</i>	<u>5,331</u>	<u>10,461</u>	<u>3,683</u>	<u>19,475</u>
Fund Cash Balances, December 31				
Restricted	0	8,637	0	8,637
Assigned	0	0	3,683	3,683
Unassigned	4,388	0	0	4,388
<i>Fund Cash Balances, December 31</i>	<u>\$4,388</u>	<u>\$8,637</u>	<u>\$3,683</u>	<u>\$16,708</u>

See accompanying notes to the basic financial statements

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Limaville (the Village), Stark County, as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides government services and maintenance of roads and bridges. The Village contracts with Lexington Township to provide security of persons and property and fire protection services.

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Basis of Presentation

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General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Street Construction, Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Grant Construction Fund The grant construction fund accounts for and reports proceeds of grants. The proceeds are committed for improvements within the Village.

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Basis of Accounting

These financial statements follow 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). 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.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

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

A summary of 2016 budgetary activity appears in Note 4.

Deposits and Investments

Cash consists of demand deposits. The Village has no investments.

Capital Assets

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

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:

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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

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.

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.

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.

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.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the general and street construction special revenue funds by \$26,704 and \$5,958, respectively, for the year ended December 31, 2016. Refer to Note 4.

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2016 is as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$25,761	\$25,761
Special Revenue	0	4,134	4,134
Total	\$0	\$29,895	\$29,895

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$26,704	(\$26,704)
Special Revenue	0	5,958	(5,958)
Total	\$0	\$32,662	(\$32,662)

Note 5 – Deposits and Investments

Deposits consist of demand deposits. The Village has no investments.

Deposits are fully insured by the Federal Depository Insurance Corporation.

Note 6 – Taxes

Property Taxes

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.

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

Village of Limaville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 – Retirement System

All members of the Village Council, the Clerk, and the Mayor have elected to contribute to Social Security. The Village's liability is 6.2 percent of gross wages paid.

Note 8 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs

The Village did not obtain commercial insurance for 2016.

Note 9 – Jointly Governed Organization

The Village is associated with the Stark County Regional Planning Commission (the Commission) as a jointly governed organization. The Commission is a statutorily-created political subdivision of the State. The Commission is jointly governed among Stark County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission formulates and reviews plans affecting long and short term social, economic, and governmental development within the region.

**VILLAGE OF LIMAVILLE
STARK COUNTY**

SCHEDULE OF FINDINGS
May 29, 2018
December 31, 2017 and 2016

Missing Records

<i>Finding Number</i>	2017-001
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Noncompliance

Ohio Rev. Code § 149.351 states that all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by Ohio Rev. Code § 149.38 through 149.42.

For 2018, the Village was unable to locate one voucher and supporting documentation selected for testing in the amount of \$357.

For 2017, the Village was unable to locate three vouchers and supporting documentation selected for testing totaling \$3,673.

For 2018, 2017 and 2016, the Village was unable to locate payroll reports documenting gross pay, net pay, and withholdings.

Officials' Response: We did not receive a response from Officials to this finding

Employee Withholdings

<i>Finding Number</i>	2017-002
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Noncompliance

26 U.S. Code § 3102(a) addresses Medicare tax and provides the tax imposed by § 3101 shall be collected by the employer of the taxpayer, by deducting the amount of the tax from the wages as and when paid.

26 U.S. Code § 3402(a) addresses federal taxes and provides, in general, except as otherwise provided in this section, every employer making payments of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary. Internal Revenue Service Circular E provides, generally, an employee may claim exemption from federal income tax withholding because he or she had no federal income tax liability last year and expects none this year. To continue to be exempt from withholding, an employee must give the employer a new Form W-4.

Ohio Rev. Code § 5747.06 address the Ohio income tax and provides, except as provided in division (E)(3) of this section, every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an 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 employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation to the benefit of, the employee.

During 2017, four out of five payroll disbursements tested had no Medicare, federal tax, state tax or social security withholdings. During 2016, one out of five payroll disbursements tested had no Medicare, federal tax, state tax or social security withholdings. In addition, one new employee's personnel file did not include any withholding, retirement or other deduction authorization forms. This matter will be referred to the Internal Revenue Service and the State of Ohio Department of Taxation.

Officials' Response: We did not receive a response from Officials to this finding

Educational Programs for Fiscal Officers

<i>Finding Number</i>	2017-003
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Noncompliance

Ohio Rev. Code § 733.81(C) and (D)(1) provides a newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year, of office. In addition to the six hours of initial education required under division (B) of this section, a newly elected fiscal officer shall complete at least a total of 18 continuing education hours during the fiscal officer's first term of office. The Village's Fiscal Officer did not complete any educational programs.

Officials' Response: We did not receive a response from Officials to this finding

Filing of Financial Reports

<i>Finding Number</i>	2017-004
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Noncompliance

Ohio Rev. Code § 117.38 provides each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the Auditor of State within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. Any public office, other than a state agency, that does not file its financial report at the time required by this section shall pay to the Auditor of State twenty-five dollars for each day the report remains unfiled after the filing date; provided, that the penalty payments shall not exceed the sum of seven hundred fifty dollars. The Auditor of State may waive all or any part of the penalty assessed under this section upon the filing of the past due financial report.

The Village's 2017 and 2016 financial reports, which were due on March 1, 2018 and March 1, 2017, respectively, were not filed with the Auditor of State until September 13, 2018.

Officials' Response: We did not receive a response from Officials to this finding

Certification of Expenditures

<i>Finding Number</i>	2017-005
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Noncompliance

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit 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 certifying 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 the There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Twenty-five out of 25 disbursements tested (100%) during 2018, 2017 and 2016 were not not properly certified by the Clerk prior to incurring the obligation. None of the exceptions above were used.

Officials' Response: We did not receive a response from Officials to this finding

Stale Dated Checks

<i>Finding Number</i>	2017-006
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Noncompliance

Ohio Rev. Code § 9.39 provides all money received or collected by a public official under the color of office and not otherwise paid out according to law shall be paid into the treasury of the public office with which he is connected to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the general fund of the public office. Auditor of State Management Advisory Services Bulletin 91-11 provides when a warrant/check becomes stale-dated (90 days from issue date), a memorandum pay-in should be made to the unclaimed moneys agency fund.

As of May 29, 2018, the Village's outstanding check reports included 24 outstanding checks which totaled \$12,518 and were issued from December 27, 2013 to December 30, 2015. As a result, the District's bank reconciliation includes stale-dated checks as a reconciling item.

Officials' Response: We did not receive a response from Officials to this finding

Certification of Available Revenue

<i>Finding Number</i>	2017-007
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Noncompliance

Ohio Rev. Code § 5705.36(A)(1) provides on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget. The amount certified shall include any unencumbered balances that existed at the end of the preceding year.

The Village did not file its 2018, 2017 or 2016 Official Certificate of Estimated Resources with the county auditor.

Officials' Response: We did not receive a response from Officials to this finding

Approval of Appropriations

<i>Finding Number</i>	2017-008
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Noncompliance

Ohio Rev. Code § 5705.38(A) provides on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed.

Council did not formally approve the 2018, 2017 or 2016 appropriations.

Officials' Response: We did not receive a response from Officials to this finding

Disbursements Exceeding Appropriations

<i>Finding Number</i>	2017-009
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Noncompliance

Ohio Rev. Code § 5705.41(B) provides no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter.

Council did not formally approve the 2018, 2017 or 2016 appropriations. As a result, total disbursements made during 2018, 2017 and 2016 exceeded appropriations.

Officials' Response: We did not receive a response from Officials to this finding

Proper Public Purpose

<i>Finding Number</i>	2017-010
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Noncompliance

Government entities may not make expenditures of public monies unless they are for a valid public purpose. 1982 Op. Att'y Gen. No. 82-006, addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court case of *State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951), provides guidance as to what may construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. Second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

The determination of what constitutes a public purpose is primarily a legislative function. As such, the decision to expend public funds "... must be made in accordance with the procedural formalities governing the exercise of legislative power. Specifically, the decision must be memorialized by a duly enacted ordinance or resolution and may have prospective effect only."

One disbursement in 2016 and one disbursement in 2017 in the amounts of \$186 and \$3, respectively, and totaling \$189, were made to Ohio Edison for late fees. Such fees are not for a proper public purpose.

Officials' Response: We did not receive a response from Officials to this finding

Remitting Funds Withheld

<i>Finding Number</i>	2017-011
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Internal Control Deficiency

Some Village employees and officials had payroll withholding taxes withheld from their gross pay during 2018, 2017 and 2016 in the amounts of \$394, \$82 and \$150, respectively, and totaling \$626. The Village was unable to locate payroll reports documenting the type of withholding. Only \$179 out of the \$626 was remitted to the taxing authority. The Village indicated the \$179 represented second quarter 2017 federal taxes due on July 31, 2017; however, the \$179 was not remitted until April 15, 2018. This matter will be referred to the Internal Revenue Service.

Officials' Response: We did not receive a response from Officials to this finding

**VILLAGE OF LIMAVILLE
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
MAY 29, 2018
DECEMBER 31, 2017 and 2016**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2015-001	The Village was unable to locate support for several transactions.	No	Not corrected
2015-002	Disbursements exceeded appropriations	No	Not corrected
2015-003	Council did not formally approve appropriations	No	Not corrected
2015-004	The Village did not properly post receipts	Yes	

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LIMAVILLE

STARK 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 27, 2019**