



**Auditor of State  
Betty Montgomery**



VILLAGE OF PITSBURG  
DARKE COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Pittsburg  
Darke County  
P.O. Box 247  
Pittsburg, Ohio 45358

To the Village Mayor and Council:

We have audited the accompanying financial statements of the Village of Pittsburg, Darke County, (the Village) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2003, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 3, 2003

**VILLAGE OF PITSBURG  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$14,103	\$14,555	\$4,814	\$33,472
Intergovernmental Receipts	48,285	13,267	636	62,188
Charges for Services	2,285	25,072		27,357
Earnings on Investments	1,601	907		2,508
Miscellaneous	1,330	14,736		16,066
	<u>67,604</u>	<u>68,537</u>	<u>5,450</u>	<u>141,591</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	14,194	28,927		43,121
Public Health Services	1,328			1,328
Leisure Time Activities	4,378			4,378
Transportation		44,917		44,917
General Government	49,883	338	146	50,367
Debt Service:				
Principal Payments			10,085	10,085
Interest Payments			601	601
	<u>69,783</u>	<u>74,182</u>	<u>10,832</u>	<u>154,797</u>
Total Receipts (Under) Disbursements	<u>(2,179)</u>	<u>(5,645)</u>	<u>(5,382)</u>	<u>(13,206)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In			6,000	6,000
Transfers-Out	(6,000)			(6,000)
Other Financing Sources	671			671
	<u>(5,329)</u>		<u>6,000</u>	<u>671</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,508)	(5,645)	618	(12,535)
Fund Cash Balances, January 1	64,087	140,197	770	205,054
<b>Fund Cash Balances, December 31</b>	<b><u>\$56,579</u></b>	<b><u>\$134,552</u></b>	<b><u>\$1,388</u></b>	<b><u>\$192,519</u></b>

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

**VILLAGE OF PITSBURG  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$12,788	\$13,225	\$4,376	\$30,389
Intergovernmental Receipts	51,263	20,942	621	72,826
Charges for Services	1,140	38,192		39,332
Earnings on Investments	1,816	1,844		3,660
Miscellaneous	690	4,569		5,259
Total Cash Receipts	<u>67,697</u>	<u>78,772</u>	<u>4,997</u>	<u>151,466</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	11,059	40,770		51,829
Public Health Services	1,347			1,347
Leisure Time Activities	4,003	9,278		13,281
Transportation		9,662		9,662
General Government	40,136	285	94	40,515
Debt Service:				
Principal Payments			10,070	10,070
Interest Payments			3,082	3,082
Total Cash Disbursements	<u>56,545</u>	<u>59,995</u>	<u>13,246</u>	<u>129,786</u>
Total Receipts Over/(Under) Disbursements	<u>11,152</u>	<u>18,777</u>	<u>(8,249)</u>	<u>21,680</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Fixed Assets		850		850
Transfers-In		10,700	6,700	17,400
Transfers-Out	(17,400)			(17,400)
Other Financing Sources	2,611			2,611
Total Other Financing Receipts/(Disbursements)	<u>(14,789)</u>	<u>11,550</u>	<u>6,700</u>	<u>3,461</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,637)	30,327	(1,549)	25,141
Fund Cash Balances, January 1	<u>67,724</u>	<u>109,870</u>	<u>2,319</u>	<u>179,913</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$64,087</b></u>	<u><b>\$140,197</b></u>	<u><b>\$770</b></u>	<u><b>\$205,054</b></u>

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



**VILLAGE OF PITSBURG  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Pittsburg, Darke County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services and park operations. The Village contracts with the Darke County Sheriff's department to provide security of persons and property.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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

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

**VILLAGE OF PITSBURG  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**Storm Drain Fund** - This fund receives property tax revenue for maintenance of storm drains in the Village.

**Fire Department Fund** - This fund receives revenue from adjoining Townships for fire services provided by the Village fire department .

**3. Debt Service Fund**

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

**Fire Truck Fund** - This fund receives proceeds from a tax levy for the payment of notes issued to purchase a fire truck for the Village.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**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 commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

The Village did not certify the availability of funds prior to incurring certain expenditure obligations during the period as required by Ohio Rev. Code Section 5705.41(D).

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF PITSBURG  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

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

	2002	2001
Demand deposits	\$186,519	\$199,054
Certificates of deposit	6,000	6,000
Total deposits	\$192,519	\$205,054

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,104	\$68,275	(\$23,829)
Special Revenue	72,719	68,537	(4,182)
Debt Service	12,740	11,450	(1,290)
Total	\$177,563	\$148,262	(\$29,301)

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$148,245	\$75,783	\$72,462
Special Revenue	214,509	74,182	140,327
Debt Service	13,510	10,832	2,678
Total	\$376,264	\$160,797	\$215,467

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$93,495	\$70,308	(\$23,187)
Special Revenue	73,129	90,322	17,193
Debt Service	11,263	11,697	434
Total	\$177,887	\$172,327	(\$5,560)

**VILLAGE OF PITSBURG  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$120,219	\$73,945	\$46,274
Special Revenue	192,999	59,995	133,004
Debt Service	13,582	13,246	336
Total	\$326,800	\$147,186	\$179,614

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Fire Equipment Note	\$29,965	3.45%

The 1999 Fire Equipment Note relates to the consolidation of two previous loans with Greenville National Bank dating to 1995 and 1996 for fire equipment. The note was refinanced with Greenville Federal Savings and Loan on April 26, 2002, for a principal amount of \$40,000.

**VILLAGE OF PITSBURG  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**5. DEBT (Continued)**

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

	<b>Fire Equipment Note</b>
Year ending December 31:	
2003	\$10,686
2004	10,686
2005	10,685
Total	<u>\$32,057</u>

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Commercial Crime;
- Public Officials liability;
- Employment Practices liability;
- Vehicles; and
- Contractors Equipment.

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**Auditor of State  
Betty Montgomery**

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

Village of Pittsburg  
Darke County  
P.O. Box 247  
Pittsburg, Ohio 45358

To the Village Mayor and Council:

We have audited the financial statements of the Village of Pittsburg, Darke County, (the Village) as of and for the years ended December 31, 2002, and 2001, and have issued our report thereon dated April 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-30319-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 3, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-30319-002.

**Internal Control Over Financial Reporting  
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 3, 2003.

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



**Betty Montgomery**  
Auditor of State

April 3, 2003



**VILLAGE OF PITSBURG  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-30319-001**

**Noncompliance Citation:**

**Ohio Rev. Code Section 5705.41 (D)**, provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made 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. Contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

The Village Clerk failed to comply with the certification requirement for 17% of the 2002 Village's expenditures and 29% of the 2001 Village's expenditures, and the above exception was not utilized.

The Village should adopt procedures to improve compliance with the certification requirement.

**FINDING NUMBER 2002-30319-002**

**Reportable Conditions:**

**Financial Reporting**

Our review of the Village's financial activity and annual reports filed with the Auditor of State of Ohio for 2002 and 2001 indicated the following misstatements requiring adjustments to the amounts reported for both years:

- 1) On January 10, 2001, the Village Council approved the transfer of \$10,500 from the General Fund to the new Fire Department Fund. This transfer was not recorded as a transfer in the accounting records as the Clerk improperly made fund balance adjustments for this amount.
- 2) There was an unauthorized fund balance adjustment of \$2,000 in January of 2001 which decreased the General Fund and increased the Fire Department Fund by 2002.
- 3) The beginning General Fund and Fire Department Special Revenue Fund balances for 2001 were not in agreement to the audited 2000 ending balances by \$12,447 due the failure to make the 2000 audit adjustments properly.
- 4) There were also misstatements of the 2001 Street Fund's property tax and intergovernmental revenue line items of \$503 and \$910 respectively, due to improper posting. In 2002, the Street Fund's property tax and intergovernmental revenue line items were misstated by \$3,164, due to improper posting.

**VILLAGE OF PITSBURG  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2002-30319-002  
(Continued)**

To correct the misstatements of the annual financial reports presented to the Auditor of State of Ohio, the Village Clerk should:

- 1) Make transfers based solely on Village Council's approval utilizing the proper Uniform Accounting Network (UAN) transfer in and out codes.
- 2) Restrict fund balance adjustments on the UAN system to correction of prior year accounting errors and audit adjustments and perform only with UAN assistance.
- 3) Record audit adjustments accurately.
- 4) Post tax and intergovernmental revenue to the correct revenue codes.

The accompanying combined statements for 2002 and 2001 reflect the required adjustments.

VILLAGE OF PITSBURG  
DARKE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-30319-001	Ohio Revised Code 5705.41(D), failure to certify funds.	No	Not Corrected





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF PITSBURG**

**DARKE 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  
MAY 8, 2003**