



**VILLAGE OF ROSWELL
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003-2002



**Auditor of State
Betty Montgomery**

VILLAGE OF ROSWELL
TUSCARAWAS COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2002.....	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Enterprise Fund For the Years Ended December 31, 2003 and 2002.....	5
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Prior Audit Findings.....	15

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Roswell
Tuscarawas County
5198 Main Street N.E.
New Philadelphia, Ohio 44622

To the Village Council:

We have audited the accompanying financial statements of the Village of Roswell, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

July 16, 2004

**VILLAGE OF ROSWELL
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$32,108	\$7,753	\$39,861
Intergovernmental Receipts	10,725	8,315	19,040
Charges for Services	350		350
Fines, Licenses, and Permits	194		194
Earnings on Investments	199		199
Miscellaneous	11,261		11,261
	<hr/>		<hr/>
Total Cash Receipts	54,837	16,068	70,905
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	9,456		9,456
Public Health Services	132		132
Leisure Time Activities	2,953		2,953
Community Environment	28		28
Basic Utility Services	2,185	6,532	8,717
Transportation		8,609	8,609
General Government	26,410	184	26,594
	<hr/>		<hr/>
Total Cash Disbursements	41,164	15,325	56,489
	<hr/>		<hr/>
Total Cash Receipts Over Cash Disbursements	13,673	743	14,416
	<hr/>		<hr/>
Fund Cash Balances, January 1	15,431	7,701	23,132
	<hr/>		<hr/>
Fund Cash Balances, December 31	<u>\$29,104</u>	<u>\$8,444</u>	<u>\$37,548</u>
	<hr/>		<hr/>
Reserves for Encumbrances, December 31	\$939	\$357	\$1,296
	<hr/>		<hr/>

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

**VILLAGE OF ROSWELL
TUSCARAWAS 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>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$30,842	\$6,741	\$37,583
Intergovernmental Receipts	3,736	8,026	11,762
Charges for Services	700		700
Fines, Licenses, and Permits	381		381
Earnings on Investments	331		331
Miscellaneous	1,631		1,631
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	37,621	14,767	52,388
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	6,649		6,649
Public Health Services	152		152
Leisure Time Activities	15,227		15,227
Community Environment	27		27
Basic Utility Services	3,169	7,600	10,769
Transportation		7,735	7,735
General Government	18,749	161	18,910
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	43,973	15,496	59,469
	<hr/>	<hr/>	<hr/>
Total Cash Receipts (Under) Cash Disbursements	(6,352)	(729)	(7,081)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	21,783	8,430	30,213
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$15,431</u>	<u>\$7,701</u>	<u>\$23,132</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$444	\$357	\$801
	<hr/>	<hr/>	<hr/>

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

**VILLAGE OF ROSWELL
TUSCARAWAS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002**

	Enterprise	
	2003	2002
Operating Cash Receipts:		
Charges for Services	\$550	\$350
Non-Operating Cash Receipts:		
Proceeds from Debt	9,348	52,785
Total Cash Receipts	9,898	53,135
Non-Operating Cash Disbursements:		
Debt Service	12,598	52,785
Net Receipts Over/(Under) Disbursements	(2,700)	350
Fund Cash Balances, January 1	5,150	4,800
Fund Cash Balances, December 31	\$2,450	\$5,150

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

This page intentionally left blank.

**VILLAGE OF ROSWELL
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Roswell, Tuscarawas County, Ohio, (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 park operations and police service. The Village contracts with the Village of Sherrodsville to provide fire protection services.

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

B. Basis of Accounting

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

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

C. Cash

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

2. Special Revenue Funds

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

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

Fire Levy Fund - This fund receives tax monies to fund fire protection.

Refuse Levy Fund - This fund receives tax monies to fund refuse collection services.

**VILLAGE OF ROSWELL
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Enterprise Funds

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Loan Fund - This fund receives monies from the County to pay off an OWDA Loan that was issued to the Village for a water study for constructing water lines throughout the Village.

Water Fund - This fund receives charges for services from customers to cover the cost of providing water service, which is currently in the developmental stage.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

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

F. Property, Plant and Equipment

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

**VILLAGE OF ROSWELL
TUSCARAWAS COUNTY**

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

2. EQUITY IN POOLED CASH

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

	2003	2002
Demand deposits	\$39,998	\$28,282

Deposits: Deposits are insured by the Federal Depository Insurance Corporation,

3. BUDGETARY ACTIVITY

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

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,253	\$54,837	(\$416)
Special Revenue	16,600	16,068	(532)
Enterprise	9,348	9,898	550
Total	\$81,201	\$80,803	(\$398)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$70,735	\$42,103	\$28,632
Special Revenue	24,301	15,682	8,619
Enterprise	14,498	12,598	1,900
Total	\$109,534	\$70,383	\$39,151

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,886	\$37,621	\$1,735
Special Revenue	14,800	14,767	(33)
Enterprise	52,785	53,135	350
Total	\$103,471	\$105,523	\$2,052

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,959	\$44,417	\$13,542
Special Revenue	22,991	15,853	7,138
Enterprise	52,785	52,785	0
Total	\$133,735	\$113,055	\$20,680

**VILLAGE OF ROSWELL
TUSCARAWAS COUNTY**

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

4. PROPERTY TAX

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

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residence, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and files a declaration annually.

6. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2858	\$9,900	0.00%
Ohio Water Development Authority Loan #3514	164,685	5.74%
Total	<u>\$174,585</u>	

Ohio Water Development Authority (OWDA) Loan #2858 relates to a water study project for possible placement of water lines within the Village's corporation limits. The Village was approved for and borrowed \$24,750 for the water study project. The loan will be repaid in annual installments of \$2,475, over 10 years. The loan was assumed by the County and the County reimburses the Village for the payment that they make each year.

Ohio Water Development Authority (OWDA) Loan #3514 related to a water tank and water line construction project. The OWDA has approved up to \$158,205 in loans to the Village for this project. The Village will not be billed for this loan until it is completely drawn upon and repayment terms will be agreed upon at that time. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF ROSWELL
TUSCARAWAS COUNTY**

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

6. DEBT (Continued)

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

Year ending December 31:	<u>OWDA Loan #2858</u>
2004	\$2,475
2005	2,475
2006	2,475
2007	2,475
Total	<u><u>\$9,900</u></u>

7. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland Marine;
- Errors and omissions.

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

Village of Roswell
Tuscarawas County
5198 Main Street N.E.
New Philadelphia, Ohio 44622

To the Village Council:

We have audited the financial statements of the Village of Roswell, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 16, 2004. 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

However, we noted other certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 16, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 16, 2004.

111 Second St., NW / Fourth Floor / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

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

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

Betty Montgomery
Auditor of State

July 16, 2004

**VILLAGE OF ROSWELL
TUSCARAWAS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-31279-001	Ohio Rev. Code Section 5705.41(B) , Expenditures plus outstanding encumbrances exceeded appropriations.	Yes	Fully Corrected.
2001-31279-002	Ohio Rev. Code Section 5705.41(D) , The Clerk/Treasurer did not always certify the availability of funds prior to incurring the obligation.	No	Partially Corrected. Refer to the Management Letter.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF ROSWELL

TUSCARAWAS 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
SEPTEMBER 28, 2004**