



Mary Taylor, CPA
Auditor of State

VILLAGE OF ROGERS
COLUMBIANA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fiduciary Fund Types - For the Year Ended December 31, 2005.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fiduciary Fund Types - For the Year Ended December 31, 2004.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	23

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA
Auditor of State

Village of Rogers
Columbiana County
P.O. Box 227
Rogers, Ohio 44455-0227

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 22, 2008

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Rogers
Columbiana County
P.O. Box 227
Rogers, Ohio 44455-0227

To the Village Council:

We have audited the accompanying financial statements of the Village of Rogers, Columbiana County, (the Village) as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Rogers, Columbiana County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

December 22, 2008

VILLAGE OF ROGERS
COLUMBIANA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$7,885	\$4,250	\$12,135
Intergovernmental	20,049	10,499	30,548
Special Assessments		477	477
Charges for Services	39		39
Fines, Licenses and Permits	5,176		5,176
Earnings on Investments	12		12
Miscellaneous	7,066	709	7,775
	<u>40,227</u>	<u>15,935</u>	<u>56,162</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	6,278	2,000	8,278
Leisure Time Activities		1,591	1,591
Community Environment		11,970	11,970
Transportation	7,315	12,521	19,836
General Government	19,836		19,836
Capital Outlay	4,482		4,482
	<u>37,911</u>	<u>28,082</u>	<u>65,993</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>2,316</u>	<u>(12,147)</u>	<u>(9,831)</u>
Other Financing Receipts / (Disbursements):			
Other Financing Sources	5,539		5,539
Other Financing Uses	(999)		(999)
	<u>4,540</u>	<u>0</u>	<u>4,540</u>
Total Other Financing Receipts / (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,856	(12,147)	(5,291)
Fund Cash Balances, January 1	<u>207</u>	<u>27,575</u>	<u>27,782</u>
Fund Cash Balances, December 31	<u>\$7,063</u>	<u>\$15,428</u>	<u>\$22,491</u>
Reserve for Encumbrances, December 31	<u>\$7,685</u>	<u>\$1,919</u>	<u>\$9,604</u>

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

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Fiduciary Fund Types
	Agency
Operating Cash Receipts:	
Fines, Licenses and Permits	\$7,682
Total Operating Cash Receipts	7,682
Operating Cash Disbursements:	
Other	6,866
Total Operating Cash Disbursements	6,866
Operating Income/(Loss)	816
Non-Operating Cash Disbursements:	
Capital Outlay	433
Total Non-Operating Cash Disbursements	433
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	383
Fund Cash Balances, January 1	699
Fund Cash Balances, December 31	\$1,082

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

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$6,657	\$3,933	\$10,590
Intergovernmental	21,010	11,562	32,572
Special Assessments		4,799	4,799
Charges for Services	60		60
Fines, Licenses and Permits	10,403		10,403
Earnings on Investments	449		449
Miscellaneous	14,505		14,505
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	53,084	20,294	73,378
Cash Disbursements:			
Current:			
Security of Persons and Property	28,786	6,351	35,137
Public Health Services	8		8
Leisure Time Activities		649	649
Community Environment		22,998	22,998
Transportation	7,219	8,647	15,866
General Government	36,338		36,338
Capital Outlay	28,383		28,383
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	100,734	38,645	139,379
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(47,650)	(18,351)	(66,001)
Other Financing Receipts / (Disbursements):			
Transfers-In	51,918	16,615	68,533
Transfers-Out		(68,533)	(68,533)
Other Financing Sources	4,667		4,667
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	56,585	(51,918)	4,667
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,935	(70,269)	(61,334)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	(8,728)	97,844	89,116
Fund Cash Balances, December 31	<hr/> \$207	<hr/> \$27,575	<hr/> \$27,782
Reserve for Encumbrances, December 31	<hr/> <hr/> \$6,937	<hr/> <hr/> \$1,854	<hr/> <hr/> \$8,791

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

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Fiduciary Fund Types
	Agency
Operating Cash Receipts:	
Fines, Licenses and Permits	\$14,774
Total Operating Cash Receipts	14,774
Operating Cash Disbursements:	
Supplies and Materials	2,636
Other	14,331
Total Operating Cash Disbursements	16,967
Operating Income/(Loss)	(2,193)
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(2,193)
Fund Cash Balances, January 1	2,892
Fund Cash Balances, December 31	\$699

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

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Rogers, Columbiana County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides park operations and police services. The Village contracts with the Negley Volunteer Fire Association to provide fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

VILLAGE OF ROGERS
CLUMBIANA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revolving Loan Fund – This fund is used to maintain Community Development Block Grant (CDBG) Revolving Loan Grant Fund – This fund was used to account for the repayment of loan proceeds from a local grocer to be utilized for community development projects in accordance with federal regulations. However, during 2004, the Ohio Department of Development has released these funds to the Village for whatever purpose it desires.

8. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for:

Mayor's Court Fund – This fund accounts for the receipts and disbursements of the Mayor's Court.

Mayor's Computer Fund – This fund accounts for the receipts and disbursements of the Village's Mayor's Court to pay for the court computer and for any updates or maintenance required.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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.

**VILLAGE OF ROGERS
CLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual 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.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2004
Demand deposits	\$22,935	\$7,720
Savings Account	638	636
Total deposits	23,573	8,356
Repurchase agreement	0	20,125
Total investments	0	20,125
Total deposits and investments	\$23,573	\$28,481

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

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities were not in the Village's name. As of January 19, 2005, the Village no longer has a repurchase agreement with its financial institution.

**VILLAGE OF ROGERS
CLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,531	\$45,766	\$5,235
Special Revenue	39,516	15,935	(23,581)
Total	\$80,047	\$61,701	(\$18,346)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,531	\$46,595	(\$6,064)
Special Revenue	39,516	30,001	9,515
Total	\$80,047	\$76,596	\$3,451

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,343	\$109,669	\$74,326
Special Revenue	109,865	36,909	(72,956)
Total	\$145,208	\$146,578	\$1,370

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,343	\$107,671	(\$72,328)
Special Revenue	109,865	109,032	833
Total	\$145,208	\$216,703	(\$71,495)

Contrary to Ohio law, budgetary disbursements plus outstanding encumbrances exceeded appropriations in the following funds: During calendar year 2004 General (\$72,328); Street Maintenance (\$751); COPS Grant (\$1,993); During calendar year 2005 the General Fund (\$6,064); COPS Grant (\$1,433). Also contrary to Ohio law, during calendar year 2004, the General Fund (\$18,450), Street Maintenance (\$3,284), State Highway (\$2,890), Permissive Motor Vehicle Tax (\$706), COPS Grant (\$2,667), and Fire Fund (\$5,107) had cash deficit balances throughout January to November 2004. In addition, contrary to Ohio Law, the Village did not properly certify approximately thirty-six percent of its expenditures.

**VILLAGE OF ROGERS
CLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. PROPERTY TAX

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

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. RETIREMENT SYSTEMS

The Village's certified and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OP&F participants contributed 10% of their wages. For 2005 and 2004, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2005 and 2004, OPERS members contributed 8.5% of their gross salaries and the Village contributed an amount equaling 13.55% of participants' gross salaries. The Village has not paid all contributions required through December 31, 2005, and is working with the retirement pensions to contribute the amount owed at December 31, 2005.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

7. LEGAL COMPLIANCE

In addition to the noncompliance appearing in Note 3, the Village did not comply with Sections 733.262 & 733.28 of the Ohio Revised Code relating to guidelines the fiscal officers duties.

THIS PAGE INTENTIONALLY LEFT BLANK.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Rogers
Columbiana County
P.O. Box 227
Rogers, Ohio 44455-0227

To the Village Council:

We have audited the financial statements of the Village of Rogers (the Village) as of and for the year ended December 31, 2005 and 2004, and have issued our report thereon dated December 22, 2008 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. 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 management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. We consider reportable condition 2005-001 listed above to be material weakness. In a separate letter to the Village's management dated December 22, 2008, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-004. In a separate letter to the Village's management dated December 22, 2008, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, member of Council. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 22, 2008

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Material Noncompliance Citation / Material Weakness

Ohio Revised Code Section 733.262, provides that a village fiscal officer appointed under this section shall perform the duties provided by law for the village clerk and treasurer and any other duties consistent with the nature of the office. **Ohio Revised Code Section 733.28** requires the village clerk keep the books of the village, exhibit accurate statements of all moneys received and expended, of all property owned by the village and income derived there from, and all taxes and assessments.

The Village utilizes the Uniform Accounting System (UAN) provided by the Auditor of State (AOS). Specific account codes maintained within the UAN system that are proscribed by the AOS are required to be used by the Village. These account codes are listed within the UAN Manual also provided by the AOS.

The Village Clerk was provided a four-year unauditible letter on February 25, 2008 for the nonperformance of the bank account reconciliations. The letter stated that the reconciliations were not performed for the period beginning January 1, 2004 through December 31, 2007. We maintained communications with the village and on December 4, 2008 the Mayor dropped off the village records for us to begin the audit. The former Clerk Treasurer did not complete the reconciliations. The new Mayor completed the reconciliations so the audit could proceed.

Throughout 2004 and 2005 the Village Clerk was inconsistent in posting revenue and expenditures to the UAN accounting system. This resulted in seventy nine adjustments to the cash reconciliation during the two year period which affected the general fund. The net adjustment to the accounting system and financial statements was a negative \$8,073 impact on the overall fund balances and the adjustments ranged from a positive \$6,094 to a negative \$6,728 to differing funds. The ending book balance at December 31, 2005 for all funds was \$23,573. The audit adjustments resulted from the following issues: not posting interest earned, revenue placed in the bank but not posted to UAN, posting the same revenue twice in the UAN system, posting revenue to the incorrect funds, and not posting the wire transferred retirement system payments and bank charge-backs to the accounting system.

The prior year's audit report noted the village clerk had made erroneous postings to the fund balance.

Based upon the proof-of-cash reconciliation all funds were adjusted during calendar 2004 and 2005 and the necessary adjustments have been posted to the financial statements and accounting records.

We noted that the village clerk made numerous errors during the audit period which consisted of the following which resulted in a reconciliation very difficult to determine completeness:

- Check numbers reflected one number in the accounting system and another number on the actual check.
- Adjustments to the system which were not easily understood.
- Posting more receipts than the village received.

**FINDING NUMBER 2005-001
(Continued)**

During calendar year 2004, Council approved an Advance for \$68,533 and accounted for such within the accounting system. However, in December 2004, Council reversed its decision and determined that it would be better served if the advance was actually a transfer, as the money would not be available in the future to pay the advance back to the appropriate fund. The Clerk did not reverse the original advance to a transfer so the financial statements were not presented properly. The reversal and reclassification of the advance to a transfer was made to the financial statements.

Payroll disbursements posted in the accounting system were actually voided but were never voided in the UAN system and were reflected in the UAN Systems payroll module and disbursements ledgers. In addition, as a result of these payments never being voided in the accounting system the affected employee's FORM W-2's reflected compensation not received during the year. During 2008 the new Clerk received communication from IRS indicating the FORM W-2's were not agreeing to the amounts which had been reported on FORM 941's for the period. IRS has assessed penalties and interest on this matter. Adjustments through the proof of cash reconciliation were made to account for the payroll transactions so the financial statements are fairly stated.

The Clerk paid sales taxes on three items purchased through a vendor with who the Village maintains a credit account. In addition, this same vendor provides monthly statements. The Village, however, did not maintain a detailed itemized receipt to support the charges on the credit card statement on four occasions. Also, of the ninety-eight disbursements tested, thirty seven disbursements had check numbers in the accounting system which did not correspond to the check number which cleared the bank.

Not posting and incorrectly posting transactions to the UAN system contributed to the difficulties in the reconciliation of Village accounts and lead to weaknesses in monitoring financial condition of the Village.

We recommend the Village establish control procedures to assure the Clerk keep accurate statements of all receipts and disbursements of the Village. In addition, the village should contact the vendor and inform them of their tax exempt ID. This should prevent the company from charging sales tax in the future. Also, in performing reconciliations the Clerk should account for each receipt and disbursement. All checks clearing the bank should correspond directly with the check number in the accounting system.

FINDING NUMBER 2005-002

Material Noncompliance Citation – Certification of the Availability of Funds

Ohio Rev. Code § 5705.41 (D), states no orders or contracts involving the expenditure of money are to be made unless a certificate signed by the fiscal officer is attached. The fiscal officer must certify that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

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.

**FINDING NUMBER 2005-002
(Continued)**

1. Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made “then” at the time that he is completing his certification “now”, 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority

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 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.

The Village did not always encumber funds at the time of the commitment. We noted 35 of 98 or 36 percent of expenditures tested were not properly encumbered.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2005-003

Material Noncompliance Citation - Disbursements plus Outstanding Encumbrances exceeded total Appropriations

Ohio Revised Code Section 5705.41(B) states that, no subdivision or taxing unit is to expend money unless it has been appropriated.

The following funds had expenditures that exceeded appropriations at December 31, 2004 and 2005:

Fund	Total Appropriations	Disbursements, plus outstanding Encumbrances	Variance
Calendar 2004:			
General (Fund 1000)	\$ 35,343	\$ 107,671	(\$ 72,328)
Street Construction, Maintenance & Repair (Fund 2011)	6,858	7,609	(751)
COPS Fast Grant (Fund 2121)	286	2,279	(1,993)
Calendar 2005:			
General (Fund 1000)	40,531	46,595	(6,064)
COPS Fast Grant (Fund 2121)	0.00	1,433	(1,433)

We recommend that the Village comply with the Ohio Revised Code Section 5705.41.

FINDING NUMBER 2005-004

Material Noncompliance Citation

Ohio Revised Code Section 5705.10(H) states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

Numerous adjustments were required to be made to the Village's bank reconciliations, and as a result, their fund balances for the first eleven months of calendar 2004. This was the result of posting errors to incorrect funds and inconsistencies in the use of individual funds by the Village. As a result of the adjustments, the following funds had negative fund balances from January through October 2004. General Fund, Street Construction, State Highway, Permissive Motor Vehicle, COPS Grant, and Fire Fund had negative fund balances from January through November 2004. In light of this, Council received permission from the Ohio Department of Development to use funds in an old Community Development Block Grant Fund for general purposes.

**FINDING NUMBER 2005-004
 (Continued)**

The following chart depicts the negative fund balances from January through November 2004:

Fund	Negative Balances Ranged	
	From	To
General (Fund 1000)	(\$ 8,385)	(\$ 18,450)
Street Construction, Maintenance & Repair (Fund 2011)	(1,132)	(3,284)
State Highway (Fund 2021)	(2,707)	(2,890)
Permissive Motor Vehicle Tax (Fund 2101)	(269)	(706)
COPS Fast Grant (Fund 2121)	(2,467)	(2,667)
Fire Fund (Fund 2901)	(327)	(5,107)

The General Fund has been experienced a rising negative fund balance in the last two consecutive calendar years (2002 and 2003).

The Village should review the current financial status of its funds on a consistent basis and should be cognizant of the revenue sources collected in comparison to the expenditures incurred in order to maintain the general services of the Village. We also recommend the Village review their budget activity to ensure there are no negative fund balances during the year. Negative fund balances may be prevented through the use of advances or transfers of monies from the general fund. The Village should review Auditor of State Bulletin 97-003 which provides guidelines for the accounting treatment for inter-fund cash advances.

Officials Response: We are working to correct the problems noted in this report. We expect some to be reported in the next audit period but believe we will substantially remediate these in the 2008-2009 audit period as well as future periods.

THIS PAGE INTENTIONALLY LEFT BLANK.

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	ORC 5705.41(D) Certification of the Availability of Funds	No	Repeated 2005-002
2003-002	ORC 5705.10(H) Negative Fund Balances	No	Repeated 2005-004
2003-003	ORC 5705.41(B) Disbursements plus outstanding encumbrances exceeded total appropriations	No	Repeated 2005-003
2003-004	Non performance of Bank Reconciliations	No	Repeated 2005-001



Mary Taylor, CPA
Auditor of State

VILLAGE OF ROGERS

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 6, 2009**