



**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 1998	4
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Agency Fund - For the Years Ended December 31, 1999-1998	5
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Members of 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, 1999 and 1998. 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 generally accepted auditing standards 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 of Rogers, Columbiana County, as of December 31 1999 and 1998, and its combined cash receipts and cash 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 June 27, 2000 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.

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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 27, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$6,418	\$7,051	\$13,469
Intergovernmental	19,697	10,878	30,575
Licenses, Permits, and Fees	2,904	75	2,979
Earnings on Investments	5,808	5,461	11,269
Miscellaneous Cash Receipts	2,080		2,080
	<u>36,907</u>	<u>23,465</u>	<u>60,372</u>
Cash Disbursements:			
Security of Persons and Property	9,906	2,239	12,145
Public Health Services	291		291
Transportation	4,901	12,456	17,357
General Government	25,465	439	25,904
	<u>40,563</u>	<u>15,134</u>	<u>55,697</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	(3,656)	8,331	4,675
Other Financing Sources/Uses			
Repayment of Economic Revolving Loan		26,970	26,970
Other Financing Uses	(251)		(251)
	<u>(251)</u>	<u>26,970</u>	<u>26,719</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(3,907)	35,301	31,394
Fund Cash Balances - January 1, 1999	<u>15,708</u>	<u>242,111</u>	<u>257,819</u>
Fund Cash Balances - December 31, 1999	<u>\$11,801</u>	<u>\$277,412</u>	<u>\$289,213</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES -
AGENCY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Agency Fund	
	1999	1998
Mayor's Court Receipts	\$3,268	\$5,016
Mayor's Court Disbursements	4,023	4,499
Excess of Cash Receipts Over Cash Disbursements	(755)	517
Fund Cash Balances - January 1, 1999	665	148
Fund Cash Balances - December 31, 1999	(\$90)	\$665

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$6,051	\$3,668	\$9,719
Intergovernmental	18,425	9,873	28,298
Licenses, Permits, and Fees	4,308	73	4,381
Earnings on Investments	1,042	10,276	11,318
Miscellaneous Cash Receipts	1,001		1,001
	<u>30,827</u>	<u>23,890</u>	<u>54,717</u>
Total Cash Receipts			
Cash Disbursements:			
Security of Persons and Property	8,881	20,000	28,881
Public Health Services	276		276
Transportation	4,458	10,435	14,893
General Government	23,744	3,064	26,808
Debt Service		12,210	12,210
	<u>37,359</u>	<u>45,709</u>	<u>83,068</u>
Total Cash Disbursements			
Excess of Cash Receipts Over/ (Under) Cash Disbursements	<u>(6,532)</u>	<u>(21,819)</u>	<u>(28,351)</u>
Other Financing Sources/(Uses):			
Repayment of Economic Revolving Loan		16,182	16,182
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	(6,532)	(5,637)	(12,169)
Fund Cash Balances - January 1, 1998	<u>22,240</u>	<u>247,748</u>	<u>269,988</u>
Fund Cash Balances - December 31, 1998	<u>\$15,708</u>	<u>\$242,111</u>	<u>\$257,819</u>

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

This page intentionally left blank.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Rogers, Columbiana 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 governmental services, including road and bridge maintenance, police and fire protection services, and community environment 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 and Investments

Certificates of deposits and the repurchase agreement are valued at cost.

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.

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 maintains the following significant Special Revenue Funds:

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Street Construction, Maintenance and Repair Fund - This fund accounts for funds received from the State of Ohio and the Columbiana County Auditor from the collection of motor vehicle license taxes and gasoline taxes. These proceeds are restricted to the constructing, maintaining, and repairing of Village roads.

Fire Levy Fund - This fund accounts for property tax money restricted to providing fire protection services and equipment.

CDBG Revolving Loan Fund (Grant Fund) - This fund accounts for the repayment of loan proceeds from a local grocer to be utilized for community development projects in accordance with Federal regulations.

3. Agency Fund

This fund is used to account for resources for which the Village is acting in an agency capacity. The Village maintains the following Agency Fund:

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

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 Village 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 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 individual commitments are made. The Village did not encumber its commitments as required by Ohio law.

A summary of 1999 and 1998 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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:

	1999	1998
Demand deposits	\$11,082	\$120,948
Certificates of deposit	0	137,536
	11,082	258,484
Repurchase agreement	278,041	0
	\$289,123	\$258,484

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

Investments: Repurchase agreements are uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the Village's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,865	\$36,907	\$5,042
Special Revenue	27,503	50,434	22,931
Total	\$59,368	\$87,341	\$27,973

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$127,570	\$40,814	\$86,756
Special Revenue	22,050	15,134	6,916
Total	\$149,620	\$55,948	\$93,672

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,932	\$30,827	(\$2,105)
Special Revenue	20,678	40,072	19,394
Total	\$53,610	\$70,899	\$17,289

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,400	\$37,359	\$25,041
Special Revenue	22,700	45,709	(23,009)
Total	\$85,100	\$83,068	\$2,032

4. DEBT OBLIGATIONS

The Village issued a \$13,941, 9.445%, capital lease in 1997 for the purchase of a John Deere utility tractor with a loader and backhoe. The terms of the lease require annual payments, including applicable interest and fiscal charges, for the period 1997 through 2001. The Village pays the lease obligations from funds received from the Columbiana County Auditor and the State of Ohio from the collection of motor vehicle license taxes and gasoline taxes. In 1998, the Village made accelerated payments against its debt service requirements. This resulted in the Village relieving itself of this obligation as of December 31, 1998.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payment, 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

6. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code prescribes PERS contribution rates. For 1998 and 1999, PERS requires members to contribute 8.5% of their gross salaries. The Village also contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Inland Marine

The Village also provides health insurance and dental and vision coverage to the elected officials through a private carrier.

8. LEGAL COMPLIANCE

The Village's financial records reflected incorrect coding and classifications.

Neither a docket nor a cash journal were maintained to reflect Mayor's Court activity.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

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

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

To the Members of 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, 1999 and 1998, and have issued our report thereon dated June 27, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-31215-001 through 1999-31215-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 27, 2000.

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 certain 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 1999-31215-004.

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 over financial reporting that might be material weaknesses.

The Village of Rogers
Columbiana County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

However, the reportable condition listed above, 1999-31215-004, is considered to be 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 June 27, 2000.

This report is intended for the information and use of management and Village 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 27, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-31215-001

Noncompliance Citation

Ohio Revised Code § 733.28 provides in part, that the village clerk shall keep the books of the village, exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived therefrom, and of all taxes and assessments.

The Village's financial records were maintained contrary to the above requirements as follows:

- The Village's funds, receipt line-items, and disbursement line-items as reflected in the receipts ledgers and appropriations ledger, with the exception of the General Fund, were not classified according to the coding systems provided in the Ohio Administrative Code Rules promulgated by the Auditor of State;
- In the process of reviewing all receipt and disbursement transactions, we identified twenty-nine receipt and disbursement transactions that were not classified according to the above uniform systems of accounting;
- The Clerk did not post certain receipts and disbursement transactions, as supported by source documents, to the receipts and appropriation ledgers. This resulted in significant reconciling matters on the month-end depository reconciliations that the Clerk did not investigate;
- The Village's financial records required Audit Adjustments as a result of the matters noted above.

We recommend the Clerk review the Auditor of State's *Village Handbook* as guidance for proper receipt and appropriations codings and classifications. We also recommend the Village Council and/or an Audit Committee monitor the Village's financial activity to ensure the Village's financial records are prepared accurately and timely.

FINDING NUMBER 1999-31215-002

Noncompliance Citation

Ohio Revised Code § 1905.21 provides in part, that the mayor of a municipal corporation shall maintain a docket in a manner governed by the laws pertaining to county courts and shall account for and dispose of all such fines, forfeitures, fees, and costs he collects.

The Mayor does not maintain a docket nor a cash journal or mechanism of similar accounting reflecting the activity of the Mayor's Court.

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDING NUMBER 1999-31215-003

Noncompliance Citation

Ohio Revised Code § 5705.41(D) provides that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Furthermore, contracts and orders for expenditure lacking prior certification should be null and void.

This Section also provides two "exceptions" to the above requirements:

- Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificate if such expenditure is otherwise valid.
- If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid, without the affirmation of the authority, upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful.

The Village Clerk does not encumber the Village's commitments. Consequently, the Village honored these contracts and/or orders for expenditure rather than declaring them null and void.

FINDING NUMBER 1999-31215-004

Material Weakness

The small size of the Village does not allow for an adequate segregation of duties. The Village Clerk performs solely the accounting functions for the Village. However, the Clerk only provides the Village's vouchers to Village Council and no other financial report or documentation. While Council approves all payments, there is no documentation of the extent to which Council uses other financial information to monitor the Village's financial activity.

The Village's accounting system was deficient in many areas because certain of the above financial records were not prepared accurately and promptly. Originally, because of these deficiencies, the financial records had to be reconstructed to prepare the financial statements. Further, these deficiencies existed in the prior audit period.

We recommend Village Council carefully review this matter and create policies and/or procedures that would facilitate Council's monitoring of the Village's financial activity and provide Council necessary information to manage the Village and ensure the Village's financial records are prepared accurately and timely. Furthermore, these policies and/or procedures may also assist the Village in complying with certain applicable provisions of the Ohio Revised Code and the Ohio Administrative Code. The policies and/or procedures should include, but are not limited to the following:

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)

- Review the annual unaudited financial report submitted to the Auditor of State. The review should include the preparation of analytics or a comparable mechanism to identify unusual and/or significant fluctuations in amounts reflected in the financial report as compared with prior financial reports;
- Periodically review the process used to prepare interim financial information submitted to Village Council. The review should include procedures that ensure transactions are posted to the appropriate fund and line-item in the Appropriation and Receipt Ledgers and that totals of the Cash Journal and Appropriation and Receipt Ledgers are compared. Council should use the Auditor of State's *Village Handbook* as guidance for these procedures;
- Review the support for the monthly cash reconciliation and sign off upon the same;
- Periodically review the process used to ensure compliance with laws and regulations applicable to the Village and review the Auditor of State's *Ohio Compliance Supplement*, revised June 1999;
- Periodically review the process used to prevent, deter, and detect fraud.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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 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
JULY 20, 2000**