



**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY

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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  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Rock Creek  
Ashtabula County  
3081 W Water Street  
Rock Creek, Ohio 44084

To the Village Council:

We have audited the accompanying financial statements of Village of Rock Creek, Ashtabula County, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. 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 audits.

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 provide a reasonable basis for our opinion.

As described 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 of Rock Creek, Ashtabula County, as of December 31, 2000 and December 31, 1999, 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 9, 2001 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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 9, 2001

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**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$103,437	\$18,682		\$9,458	\$131,577
Special Assessments			\$58,621		58,621
Intergovernmental Receipts	28,085	35,189			63,274
Fines, Licenses, and Permits	65				65
Miscellaneous	9,132	1,490	7,796		18,418
<b>Total Cash Receipts</b>	<u>140,719</u>	<u>55,361</u>	<u>66,417</u>	<u>9,458</u>	<u>271,955</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property		10,781			10,781
Public Health Services	2,530				2,530
Community Environment	530				530
Basic Utility Services	2,550				2,550
Transportation		41,726			41,726
General Government	73,356	612	2,166		76,134
Debt Service:					
Principal Payments			46,087		46,087
Interest Payments			35,277		35,277
Capital Outlay				8,434	8,434
<b>Total Disbursements</b>	<u>78,966</u>	<u>53,119</u>	<u>83,530</u>	<u>8,434</u>	<u>224,049</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>61,753</u>	<u>2,242</u>	<u>(17,113)</u>	<u>1,024</u>	<u>47,906</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		7,600	44,725		52,325
Transfers-Out	(52,325)				(52,325)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(52,325)</u>	<u>7,600</u>	<u>44,725</u>		
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>9,428</u>	<u>9,842</u>	<u>27,612</u>	<u>1,024</u>	<u>47,906</u>
<b>Fund Cash Balances January 1</b>	<u>25,770</u>	<u>65,327</u>	<u>257,308</u>	<u>8,723</u>	<u>357,128</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$35,198</u></u>	<u><u>\$75,169</u></u>	<u><u>\$284,920</u></u>	<u><u>\$9,747</u></u>	<u><u>\$405,034</u></u>
<b>Reserves for Encumbrances, December 31</b>		<u><u>\$500</u></u>			<u><u>\$500</u></u>

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

**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Types</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$197,986	_____	\$197,986
Total Operating Cash Receipts	197,986	_____	197,986
<b>Operating Cash Disbursements:</b>			
Personal Services	74,050		74,050
Contractual Services	58,319		58,319
Supplies and Materials	81,137		81,137
Capital Outlay	4,010	_____	4,010
Total Operating Cash Disbursements	217,516	_____	217,516
Operating Income/(Loss)	(19,530)	_____	(19,530)
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	89	_____	89
Total Non-Operating Cash Receipts	89	_____	89
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	17,300		17,300
Other Non-Operating Cash Disbursements	910	_____	910
Total Non-Operating Cash Disbursements	18,210	_____	18,210
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(37,651)		(37,651)
Transfers-In	39,271		39,271
Transfers-Out	(39,271)	_____	(39,271)
Net Receipts Over/(Under) Disbursements	(37,651)	_____	(37,651)
Fund Cash Balances, January 1	181,032	117	181,149
<b>Fund Cash Balances, December 31</b>	<b>\$143,381</b>	<b>\$117</b>	<b>\$143,498</b>
Reserve for Encumbrances, December 31	\$14,083	_____	\$14,083

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



**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

**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>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$90,565	\$14,795		\$8,262	\$113,622
Special Assessments			\$56,850		56,850
Intergovernmental Receipts	30,945	36,035			66,980
Fines, Licenses, and Permits	202				202
Miscellaneous	9,543	1,243	11,670	1,500	23,956
<b>Total Cash Receipts</b>	<u>131,255</u>	<u>52,073</u>	<u>68,520</u>	<u>9,762</u>	<u>261,610</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,268	7,880			9,148
Public Health Services	4,301				4,301
Community Environment	389				389
Basic Utility Services	2,000				2,000
Transportation	5,738	34,443			40,181
General Government	94,485	331	2,956		97,772
Debt Service:					
Principal Payments			44,145		44,145
Interest Payments			37,220		37,220
Capital Outlay				4,664	4,664
<b>Total Disbursements</b>	<u>108,181</u>	<u>42,654</u>	<u>84,321</u>	<u>4,664</u>	<u>239,820</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>23,074</u>	<u>9,419</u>	<u>(15,801)</u>	<u>5,098</u>	<u>21,790</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	7,000		44,725		51,725
Transfers-Out	(44,725)				(44,725)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(37,725)</u>		<u>44,725</u>		<u>7,000</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(14,651)</u>	<u>9,419</u>	<u>28,924</u>	<u>5,098</u>	<u>28,790</u>
<b>Fund Cash Balances January 1</b>	<u>40,421</u>	<u>55,908</u>	<u>228,384</u>	<u>3,625</u>	<u>328,338</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$25,770</u></u>	<u><u>\$65,327</u></u>	<u><u>\$257,308</u></u>	<u><u>\$8,723</u></u>	<u><u>\$357,128</u></u>

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

**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$197,243		\$197,243
Total Operating Cash Receipts	197,243		197,243
<b>Operating Cash Disbursements:</b>			
Personal Services	64,131		64,131
Contractual Services	46,568		46,568
Supplies and Materials	47,625		47,625
Total Operating Cash Disbursements	158,324		158,324
Operating Income/(Loss)	38,919		38,919
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	17,700		17,700
Other Non-Operating Cash Disbursements	770		770
Total Non-Operating Cash Disbursements	18,470		18,470
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	20,449		20,449
Transfers-In	39,671		39,671
Transfers-Out	(46,671)		(46,671)
Net Receipts Over/(Under) Disbursements	13,449		13,449
Fund Cash Balances, January 1	167,583	117	167,700
<b>Fund Cash Balances, December 31</b>	<b>\$181,032</b>	<b>\$117</b>	<b>\$181,149</b>
Reserve for Encumbrances, December 31	\$14,417		\$14,417

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

**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Rock Creek, Ashtabula 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 water and sewer utilities. The Village contracts with the Ashtabula 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**

Certificates of deposit 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 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 ROCK CREEK  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**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:

*Special Assessment Fund* - This fund receives real estate taxes assessed the citizens of the Village for repayment of an OWDA loan.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

*Permanent Improvement Fund* - This fund receives local income tax money. These proceeds are used for various improvements in the Village.

**5. Enterprise Funds**

These funds account 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 Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**6. Fiduciary Funds (Agency Funds)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

*Unclaimed Monies Fund* - This fund is used for holding various monies that go unclaimed in 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, function or object 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.

**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**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.

A summary of 2000 and 1999 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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 329,067	\$ 426,609
Certificates of deposit	<u>219,465</u>	<u>111,668</u>
Total deposits	<u>\$548,532</u>	<u>\$538,277</u>

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

**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 140,750	\$ 140,719	\$ (31)
Special Revenue	54,505	62,961	8,456
Debt Service	104,725	111,142	6,417
Capital Projects	6,500	9,458	2,958
Enterprise	237,527	237,346	(181)
Total	<u>\$ 544,007</u>	<u>\$ 561,626</u>	<u>\$ 17,619</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 137,002	\$ 131,291	\$ 5,711
Special Revenue	117,745	53,619	64,126
Debt Service	85,364	83,530	1,834
Capital Projects	15,000	8,434	6,566
Enterprise	303,358	289,080	14,278
Total	<u>\$ 658,469</u>	<u>\$ 565,954</u>	<u>\$ 92,515</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 136,138	\$ 138,255	\$ 2,117
Special Revenue	52,000	52,073	73
Debt Service	104,725	113,245	8,520
Capital Projects	9,762	9,762	0
Enterprise	234,466	236,914	2,448
Total	<u>\$ 537,091</u>	<u>\$ 550,249</u>	<u>\$ 13,158</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 157,030	\$ 152,906	\$ 4,124
Special Revenue	102,600	42,654	59,946
Debt Service	85,364	84,321	1,043
Capital Projects	10,000	4,664	5,336
Enterprise	291,837	237,882	53,955
Total	<u>\$ 646,831</u>	<u>\$ 522,427</u>	<u>\$ 124,404</u>

**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Ohio Revised Code § 5705.41(B), States that no subdivision or taxing unit is to expend money unless it is properly appropriated. Contrary to the above statute, during 2000 and 1999, the Village expenditures exceeded appropriations at the legal level of control, which is the level that Council establishes in passing the original appropriation measure.

**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 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.

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 772,392	2.00 -7.89%
Mortgage Revenue Bonds	178,000	5%
Capital Lease - Pick- Up Truck	13,211	6.25%
Total	\$ 963,603	

The Ohio Water Development Authority loan (OWDA) and Mortgage Revenue Bonds relate to water and sewer plant improvements. The OWDA has approved \$1,138,059 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$40,683 including interest, over 20-25 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The capital lease was for a Ford Ranger with installment payments being made to GMAC.

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

Year ending December 31:	OWDA Loan	Mortgage Revenue Bonds	Capital Lease
2001	\$ 81,364	\$ 16,900	\$ 7,078
2002	81,364	17,500	7,078
2003	81,364	17,050	0
2004	81,364	17,600	0
2005	81,364	17,100	0
Subsequent	589,721	171,490	0
Total	\$ 996,541	\$ 257,640	\$ 14,156

**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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 plans. This plan provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% in 1999 and 10.84% in 2000 of participants gross salaries. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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





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  
www.auditor.state.oh.us

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

Village of Rock Creek  
Ashtabula County  
3081 W Water Street  
Rock Creek, Ohio 44084

To the Village Council:

We have audited the financial statements of the Village of Rock Creek as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 9, 2001. 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 Village of Rock Creek'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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-31104-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 9, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Rock Creek'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 of Rock Creek'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 2000-31104-002.

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. However, we believe the reportable condition described above is not 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 of Rock Creek in a separate letter dated April 9, 2001.

Village of Rock Creek  
Ashtabula County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

This report is intended 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.

**Jim Petro**  
Auditor of State

April 9, 2001

**VILLAGE OF ROCK CREEK  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-31104-001**

**Non-compliance citation:**

**Ohio Revised Code § 5705.41 (B)**, prohibit a subdivision from making an expenditure unless it has been properly appropriated.

Disbursements exceeded appropriations at the legal level of control (fund/ function/object) throughout 12 of the 24 months of our audit period in the following fund/function/object codes:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<b>May 1999:</b>			
General Fund:			
State Auditors Fees	10,000	11,136	( 1,136)
<b>June 1999:</b>			
General Fund:			
Council Supplies	3,000	5,110	( 2,110)
Machine Hire	500	8,765	( 8,265)
<b>July 1999:</b>			
General Fund:			
Council Supplies	3,000	5,209	( 2,209)
Machine Hire	500	9,615	( 9,115)
Sewer Fund:			
Supplies	1,000	2,300	( 1,300)
<b>August 99:</b>			
General Fund:			
County Health District	2,400	4,301	( 1,901)
Council Supplies	3,000	5,594	( 2,594)
Wages	5,000	6,026	( 1,026)
Sewer Fund:			
Supplies	1,000	2,736	( 1,736)
<b>September 99:</b>			
General Fund:			
Wages	5,000	7,119	( 2,119)
Water Fund:			
Misc. Supplies	3,000	5,179	( 2,179)
Sewer Fund:			
Testing	3,000	4,125	( 1,125)

**SCHEDULE OF FINDINGS**  
**(Continued)**

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<b>October 99:</b>			
General Fund:			
Council Supplies	3,000	5,721	( 2,721)
Wages	5,000	7,989	( 2,989)
Water Fund:			
Misc. Supplies	3,000	5,249	( 2,249)
Sewer Fund:			
Testing	3,000	4,913	( 1,913)
<b>November 99:</b>			
General Fund:			
Council Supplies	3,000	5,816	( 2,816)
Wages	5,000	8,545	( 3,545)
Water Fund:			
Misc. Supplies	3,000	5,368	( 2,368)
Sewer Fund:			
Testing	3,000	5,388	( 2,388)
Supplies	1,000	2,736	( 1,736)
<b>December 99:</b>			
General Fund:			
Council Supplies	3,000	5,994	( 2,994)
Wages	5,000	8,764	( 3,764)
Machine Hire	500	9,615	( 9,115)
Street Maintenance & Repair Fund:			
Supplies	7,000	8,934	( 1,934)
Water Fund:			
Misc. Supplies	3,000	5,890	( 2,890)
Sewer Fund:			
Testing	3,000	5,388	( 2,388)
Supplies	1,000	2,736	( 1,736)
<b>June 2000:</b>			
Water Fund:			
Line Machine Hire	0	1,075	( 1,075)
<b>August 2000:</b>			
Sewer Fund:			
Supplies	1,000	2,489	( 1,489)

**SCHEDULE OF FINDINGS  
 (Continued)**

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
<b>September 2000:</b>			
General Fund:			
Solicitor Salary	12,000	13,068	( 1,068)
Water Fund:			
Testing	3,000	4,451	( 1,451)
Doors	0	1,175	( 1,175)
Sewer Fund:			
Supplies	1,000	2,489	( 1,489)
Sewer Replacement Fund:			
Supplies	30,000	36,671	( 6,671)
<b>October 2000:</b>			
General Fund:			
Solicitor Salary	12,000	14,823	( 2,823)
Street Maintenance & Repair Fund:			
Supplies	7,000	9,412	( 2,412)
Water Fund:			
Wages and Salaries	26,000	27,653	( 1,653)
Testing	3,000	5,379	( 2,379)
Chemicals and Supplies	12,000	13,490	( 1,490)
Doors	0	2,475	( 2,475)
Sewer Fund:			
Supplies	1,000	2,534	( 2,534)
Sewer Replacement Fund:			
Supplies	30,000	41,834	(11,834)

**FINDING NUMBER 2000-31104-002**

**Reportable Condition:**

**Financial Reports Provided to Council**

The Village's monthly financial reports, including bank reconciliations, investments, and budget to actual statements, were not being presented to the Mayor and Village Council for approval. This does not provide a proper monitoring of financial activity by the Mayor and Village Council. A review of monthly financial reports would provide Council with a means of monitoring Village financial operations, and would allow Council to evaluate whether accounting records are being maintained and whether reconciliations are being performed. Such monitoring is an important control in smaller entities where segregation of duties is not always practicable.

We recommend that the monthly financial report, including bank reconciliations, investments, and budget to actual statements, be presented to the Mayor and Village Council on a monthly basis and the review should be evidenced by these parties.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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 ROCK CREEK**

**ASHTABULA 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  
APRIL 24, 2001**