



Dave Yost • Auditor of State

VILLAGE OF ROGERS
COLUMBIANA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Rogers, Columbiana County, (the "Village") as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our adverse and qualified audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Basis for Additional Opinion Qualification

Fines, Licenses and Permits receipts of the Agency Fund are reported as \$21 and \$3,941 for the years ended December 31, 2013 and 2012 respectively. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as Fines, Licenses and Permits. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Agency Fund of Village of Rogers, Columbiana County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the General, Special Revenue and Capital Projects fund types of Village of Rogers Columbiana County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Rogers, Columbiana County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 15, 2014

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**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Totals (Memorandum Only)</u> |
|--|----------------|----------------------------|-----------------------------|---|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$10,482 | \$3,988 | | \$14,470 |
| Intergovernmental | 18,849 | 12,272 | \$2,400 | 33,521 |
| Fines, Licenses and Permits | 1,678 | | | 1,678 |
| Miscellaneous | 315 | 0 | | 315 |
| <i>Total Cash Receipts</i> | <u>31,324</u> | <u>16,260</u> | <u>2,400</u> | <u>49,984</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 8,683 | 3,000 | | 11,683 |
| Leisure Time Activities | | 15 | | 15 |
| Transportation | 0 | 11,483 | | 11,483 |
| General Government | 13,073 | 52 | | 13,125 |
| Capital Outlay | 7,364 | | 2,400 | 9,764 |
| <i>Total Cash Disbursements</i> | <u>29,120</u> | <u>14,550</u> | <u>2,400</u> | <u>46,070</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>2,204</u> | <u>1,710</u> | <u>0</u> | <u>3,914</u> |
| <i>Net Change in Fund Cash Balances</i> | 2,204 | 1,710 | 0 | 3,914 |
| <i>Fund Cash Balances, January 1</i> | <u>192</u> | <u>11,396</u> | | <u>11,588</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | 0 | 13,106 | 0 | 13,106 |
| Unassigned (Deficit) | 2,396 | 0 | 0 | 2,396 |
| <i>Fund Cash Balances, December 31</i> | <u>\$2,396</u> | <u>\$13,106</u> | <u>\$0</u> | <u>\$15,502</u> |

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

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
THE FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | <u>Fiduciary Fund Type</u> |
|---|----------------------------|
| | <u>Agency</u> |
| Operating Cash Receipts | |
| Fines, Licenses and Permits | \$20 |
| Earnings on Investments | 1 |
| | 21 |
| <i>Total Operating Cash Receipts</i> | 21 |
| Operating Cash Disbursements | |
| Other | 20 |
| | 20 |
| <i>Total Operating Cash Disbursements</i> | 20 |
| <i>Operating Income (Loss)</i> | 1 |
| <i>Fund Cash Balances, January 1</i> | 5,356 |
| <i>Fund Cash Balances, December 31</i> | \$5,357 |

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

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|----------------|----------------------------|-----------------------------|---|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$7,254 | \$3,881 | | \$11,135 |
| Intergovernmental | 19,569 | 12,293 | \$21,600 | 53,462 |
| Fines, Licenses and Permits | 3,632 | | | 3,632 |
| Gas and Oil | 7,032 | | | 7,032 |
| Miscellaneous | 2,790 | 955 | | 3,745 |
| <i>Total Cash Receipts</i> | <u>40,277</u> | <u>17,129</u> | <u>21,600</u> | <u>79,006</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 12,626 | 5,984 | | 18,610 |
| Transportation | 576 | 15,158 | | 15,734 |
| General Government | 19,448 | 385 | | 19,833 |
| Capital Outlay | 6,849 | | 21,600 | 28,449 |
| <i>Total Cash Disbursements</i> | <u>39,499</u> | <u>21,527</u> | <u>21,600</u> | <u>82,626</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>778</u> | <u>(4,398)</u> | <u>0</u> | <u>(3,620)</u> |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Fund Cash Balances, January 1</i> | <u>(586)</u> | <u>15,794</u> | | <u>15,208</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | 0 | 11,396 | 0 | 11,396 |
| Unassigned (Deficit) | 192 | 0 | 0 | 192 |
| <i>Fund Cash Balances, December 31</i> | <u>\$192</u> | <u>\$11,396</u> | <u>\$0</u> | <u>\$11,588</u> |

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

VILLAGE OF ROGERS
COLUMBIANA COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
THE FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012

| | <u>Fiduciary Fund Type</u> |
|---|----------------------------|
| | <u>Agency</u> |
| Operating Cash Receipts | |
| Fines, Licenses and Permits | \$3,941 |
| Earnings on Investments | \$1 |
| <i>Total Operating Cash Receipts</i> | <u>3,942</u> |
| Operating Cash Disbursements | |
| Supplies and Materials | 710 |
| Other | 3,024 |
| <i>Total Operating Cash Disbursements</i> | <u>3,734</u> |
| <i>Operating Income (Loss)</i> | <u>208</u> |
| Non-Operating Receipts | |
| Miscellaneous Receipts | 710 |
| <i>Total Non-Operating Receipts</i> | <u>710</u> |
| <i>Net Change in Fund Cash Balances</i> | 918 |
| <i>Fund Cash Balances, January 1</i> | <u>4,438</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$5,356</u></u> |

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, 2013 AND 2012**

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 street and maintenance repair. The Village contracts with the Columbiana County Sheriff's department to provide security of persons and property. The Village contracts with Negley Volunteer Fire Association for 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. Deposits 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 ROGERS
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Improvement Fund – This fund receives grant monies which were used to pay for a sewer study.

4. 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. 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 approve estimated resources.

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(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 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

2. Equity in Pooled Deposits and Investments

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

| | 2013 | 2012 |
|--|----------|----------|
| Demand deposits | \$16,812 | \$14,292 |
| Other time deposits (savings and NOW accounts) | 4,047 | 2,652 |
| Total deposits | \$20,859 | \$16,944 |

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

| | Budgeted | Actual | |
|------------------|-----------|----------|------------|
| Fund Type | Receipts | Receipts | Variance |
| General | \$71,039 | \$31,324 | (\$39,715) |
| Special Revenue | 38,395 | 16,260 | (22,135) |
| Capital Projects | 0 | 2,400 | 2,400 |
| Total | \$109,434 | \$49,984 | (\$59,450) |

2013 Budgeted vs. Actual Budgetary Basis Expenditures

| | Appropriation | Budgetary | |
|------------------|---------------|--------------|----------|
| Fund Type | Authority | Expenditures | Variance |
| General | \$49,490 | \$29,120 | \$20,370 |
| Special Revenue | 23,552 | 14,550 | 9,002 |
| Capital Projects | 2,400 | 2,400 | 0 |
| Total | \$75,442 | \$46,070 | \$29,372 |

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity – (Continued)

| 2012 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$38,294 | \$40,277 | \$1,983 |
| Special Revenue | 38,709 | 17,129 | (21,580) |
| Capital Projects | 21,600 | 21,600 | 0 |
| Total | \$98,603 | \$79,006 | (\$19,597) |

| 2012 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$76,783 | \$39,499 | \$37,284 |
| Special Revenue | 25,019 | 21,527 | 3,492 |
| Capital Projects | 21,600 | 21,600 | 0 |
| Total | \$123,402 | \$82,626 | \$40,776 |

Contrary to Ohio law, appropriations exceeded estimate resources in the General fund by \$29,464 and the State Highway and Permissive Motor Vehicle License Special Revenue funds by \$2,300 and \$801, respectively for the year ended December 31, 2012. In addition, the Village received a State grant during the audit period which was deemed to be appropriated.

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.

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 part-time Police Officer and other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. Retirement Systems – (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS Law Enforcement participants contributed 10% of their wages. For 2013 and 2012, the Village contributed to OPERS an amount equal to 14% of police members' wages. For 2013 and 2012, all other OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

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.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Rogers, Columbiana County, (the "Village") as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to the Village's lack of sufficient appropriate evidence supporting the amounts reported as Fines, Licenses and Permits receipts in the Agency Fund.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-003 through 2013-006 described in the accompanying schedule of findings to be material weaknesses.

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, opining 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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 through 2013-004.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 15, 2014

VILLAGE OF ROGERS
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

Noncompliance Citation - Appropriations

Ohio Rev. Code § 5705.39 provides in part that the total appropriations from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The following funds had appropriations that exceeded estimated resources:

| Fund | Estimated Resources | Appropriations | Variance |
|----------------------------------|---------------------|----------------|----------|
| 2012 | | | |
| General Fund | \$37,550 | \$67,014 | \$29,464 |
| Special Revenue Funds: | | | |
| State Highway | 1,200 | 3,500 | 2,300 |
| Permissive Motor Vehicle License | 2,199 | 3,000 | 801 |

This situation may lead to disbursements within said funds exceeding the actual revenue available and negative cash fund balances.

Management should monitor the budgetary cycle throughout the year to ensure appropriations do not exceed the amounts on the certificate of estimated resources and any amendments thereto and actual revenue received.

Official's Response: Some fund appropriations did exceed available resources.

FINDING NUMBER 2013-002

Noncompliance Citation – Certificate of Expenditure

Ohio Rev. Code § 5705.41(D) provides no subdivision shall make any contracts or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officers' 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 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 2013-002
(Continued)**

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.

1. **“Then and Now Certificate** - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in a payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council if such expenditure is otherwise valid.
2. **Blanket Certificate** - Fiscal Officer 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 in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and 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.

Six (6) out of thirty-one (31) expenditures tested were not properly encumbered as the purchase order was dated after the date of the invoice. In addition, one of those tested included a then and now certificate, however, it was for an amount greater than \$3,000 and was not approved by Council. Therefore, 22% of the expenditures tested were in violation of Ohio Revised Code Section 5705.41(D). In addition, the majorities of purchase orders used were then and now certificates, which is not a sound budgetary practice.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. 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 received prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, the Fiscal Officer should 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.

The Fiscal Officer should certify the full purchase amounts to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires for the authorization of disbursements. The Fiscal Officer should sign the certification at the time the District incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Village should post approved purchase commitments to the proper authorization code, to reduce the available appropriation.

Official’s Response: The Village will review its procedures for the issuance of purchase orders.

FINDING NUMBER 2013-003

Noncompliance Citation/Material Weakness – Village Records

Ohio Rev. Code § 149.351 establishes guidelines against destruction or damage of records. All records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Sections 149.38 to 149.42 of the Ohio Revised Code.

The following records were requested for audit but never provided since they were not retained in accordance with the aforementioned provisions:

- Mayor's Court docket;
- Citations issued;
- Original receipt books;
- Bank deposit slips; and
- Distribution of fines documentation.

Failure to maintain adequate documentation supporting mayor's court activity could result in a loss of accountability over these activities and make it difficult for Village personnel to identify errors which could go undetected.

On March 11, 2013, the Village adopted a motion to disband the Mayor's Court and to eliminate the positions of part-time police officer and Mayor's Court Clerk making it even more difficult to locate the original Mayor's Court documentation.

We recommend the Village develop and maintain a system of control and organization over Mayor's court records such that all records are sufficiently organized and available for efficient use by Village management and external parties as appropriate.

Official's Response: The Village's Mayor's Court has been disbanded and all available records were provided to the auditors.

FINDING NUMBER 2013-004

Noncompliance Citation/Material Weakness – Mayor's Court

Ohio Rev. Code § 1907.24(C), 2303.201(C), 2743.70 (A), 2949.091(A) (all courts) & (B), and 3109.14 require that all moneys collected during a month and owed to the state shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of the state.

On March 11, 2013, Village Council voted to disband the Mayor's Court and to eliminate the positions of part-time police officer and Mayor's Court Clerk effectively immediately. However, as of December 31, 2013, the Mayor's Court still had a cash balance of \$1,310 from fines and fees which were remitted to the Courts for citations issued and collected through March 11, 2013 but were not distributed by the Clerk of Courts to the Treasurer of State and the Village's General Fund. In addition, Court records for the audit period could not be located, thus the Village is unable to determine the amount of monies to be remitted to the General Fund and to the Treasurer of State.

Failure to remit the monies in a timely manner could result in late fees and penalties from the Treasurer of State along with potential litigation.

**FINDING NUMBER 2013-004
(Continued)**

We recommend the Village Mayor's Court immediately remit the monies owed to the Treasurer of State and General Fund. This matter will be referred to the Treasurer of State.

Official's Response: The Village's Mayor's Court has been disbanded and a break-down of the funds still in the Mayor's Court Checking Account was provided to the auditors. The balance in the Mayor's Court Checking Account will be distributed in the near future based on the information that was provided to the auditors.

FINDING NUMBER 2013-005

Material Weakness – Manual Checks

The Village's current system for issuing checks and completing non-payroll expenditure transactions does not provide the framework by which adequate documentation is maintained or by which sufficient information is available to the Village Council. The following weaknesses were noted:

- The Fiscal officer was circumventing the computer system and writing manual checks at the beginning of each fiscal year due to the system not being reconciled. Council was not aware of they did not have accurate financial information to make informed financial decisions; and
- Manual payroll and nonpayroll checks were not always issued in sequential order.

These weaknesses could result in the misuse of public funds, errors in the reporting of disbursements in the system, and increase the risk of theft and fraud.

We recommend the Village close out the fiscal year-end in a timely manner. In addition, all checks should be processed through the Village's computer system to ensure an accurate record of the village's financial transactions and reduce the risk of fraud.

Official's Response: Manual checks were written at the beginning of the year as checks could not be issued through the UAN system until the previous year was balanced and closed. Since the UAN software has changed and now allows checks to be written in a temporary mode until the previous year is balanced and closed, manual checks are not being written at the beginning of the year. Members of Council were apprised of the situation and were aware that manual checks were being written and that the financial data was not accurate until all of the manual checks were posted.

FINDING NUMBER 2013-006

Material Weakness – Failure to Post Transactions Correctly

Sound financial reporting is the responsibility of the Village Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following weaknesses were noted and subsequent adjustments made to the financial statements and, where applicable, to the Village's accounting records:

**FINDING NUMBER 2013-006
 (Continued)**

2013:

| FUND | ACCOUNT TYPE | AMOUNT | DESCRIPTION |
|-------------------------|--|---------|---|
| Reclassification | | | |
| General | Fines, Licenses and Permits and Miscellaneous Revenue | \$1,678 | To adjust cable franchise fees posted as Miscellaneous Revenue. |
| General | Property and Other Local Taxes and Intergovernmental Revenue | 1,963 | To adjust Homestead and Rollback monies posted as Property and Other Local Taxes. |
| Fire | Property and Other Local Taxes and Intergovernmental Revenue | 367 | To adjust Homestead and Rollback monies posted as Property and Other Local Taxes. |

2012:

| FUND | ACCOUNT TYPE | AMOUNT | DESCRIPTION |
|---|--|---------|--|
| Reclassification | | | |
| General | Fines, Licenses and Permits and Miscellaneous Revenue | \$1,652 | To adjust cable franchise fees posted as Miscellaneous Revenue. |
| General | Gas and Oil and Miscellaneous Revenue | 7,032 | To adjust for Gas and Oil revenue posted as Miscellaneous Revenue. |
| General | Property and Other Local Taxes and Intergovernmental Revenue | 1,385 | To adjust Homestead and Rollback monies posted as Property and Other Local Taxes. |
| Fire | Property and Other Local Taxes and Intergovernmental Revenue | 365 | To adjust Homestead and Rollback monies posted as Property and Other Local Taxes. |
| Adjustment | | | |
| General and Street Construction, Maintenance and Repair and State Highway | Intergovernmental Revenue | 556 | To adjust for Gasoline Tax monies posted in the General Fund rather than the Street, Construction, Maintenance and Repair and State Highway Funds. |

In addition, we identified six instances where the receipt date was more than two weeks after the transaction date.

The Fiscal Officer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported on a timely basis.

Official's Response: Additional revenue accounts will be added to various funds to accommodate the various reclassifications. However, not sure that the account type of Gas and Oil and Miscellaneous Revenue was an available account type in 2012.

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**VILLAGE OF ROGERS
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

| Finding Number | Finding Summary | Fully Corrected ? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|-----------------------|--|--------------------------|--|
| 2011-001 | Ohio Rev. Code Section 733.262 and 733.28, Non-performance of duties by Fiscal Officer. | Yes | Finding No Longer Valid. |
| 2011-002 | Ohio Rev. Code Section 5705.10(H), negative fund balances. | Yes | Finding No Longer Valid. |
| 2011-003 | Ohio Rev. Code Section 117.28, former Mayor was overpaid \$150. | Yes | Finding No Longer Valid. |
| 2011-004 | Ohio Rev. Code Section 117.28, former Fiscal Officer was overpaid \$190. | Yes | Finding No Longer Valid. |
| 2011-005 | Ohio Rev. Code Section 117.28, former Mayor was overpaid \$60. | Yes | Finding No Longer Valid. |
| 2011-006 | Ohio Rev. Code Section 117.28, Council Member Jerry Hoon was overpaid in the amount of \$60. | Yes | Finding No Longer Valid. |
| 2011-007 | Ohio Rev. Code Section 117.28, Council Member Mark Gordon was overpaid in the amount of \$60. | Yes | Finding No Longer Valid. |
| 2011-008 | Ohio Rev. Code Section 117.28, Council Member Delsey McDade was overpaid in the amount of \$30. | Yes | Finding No Longer Valid. |
| 2011-009 | Ohio Rev. Code Section 117.28, Council Member Jayne Balmenti was overpaid \$30. | Yes | Finding No Longer Valid. |
| 2011-010 | Ohio Rev. Code Section 117.28, Council Member Marilyn Locke was overpaid \$30. | Yes | Finding No Longer Valid. |
| 2011-011 | Ohio Rev. Code Section 5705.36, appropriations exceeded estimated resources. | No | Not Corrected. This comment was re-issued as Finding 2013-001. |
| 2011-012 | Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16, transfer of funds. | Yes | Finding No Longer Valid. |
| 2011-013 | Ohio Rev. Code Sections 1907.24, 2303.201, 2743.70, 2949.091, and 3109.14, Mayor's Court payments to the Treasurer of State. | No | Not Corrected. This comment was re-issued as Finding 2013-004. |
| 2011-014 | Mayor's Court Receipts | No | Not Corrected. This comment was re-issued as Finding 2013-004 since the records could not be produced for audit. |

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Dave Yost • 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
FEBRUARY 12, 2015**