

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2005 and 2004

BARBARA MILLER, FISCAL OFFICER



**Auditor of State
Betty Montgomery**

Members of Council
Village of Rossburg
PO Box 94
200 West Main Street
Rossburg, Ohio 45362-0094

We have reviewed the *Independent Auditors' Report* of the Village of Rossburg, Darke County, prepared by Julian & Grube, Inc. for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the AOS permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Rossburg is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 12, 2006

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**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditors' Report

Members of Council and Mayor
Village of Rossburg
P.O. Box 94
200 West Main Street
Rossburg, Ohio 45362-0094

We have audited the accompanying financial statements of the Village of Rossburg, Darke County, (the "Village") as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 2, the Village prepared these financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village of Rossburg to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village of Rossburg does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village of Rossburg has elected not to reformat its statements. Since the Village of Rossburg does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Independent Auditors' Report
Village of Rossburg
Page 2

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Rossburg, Darke County, as of and for the years ended December 31, 2005 and 2004, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2006, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

These comments are intended for the information of the Council and management of the Village of Rossburg and are not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a period at the end.

Julian & Grube, Inc.
May 17, 2006

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2005 AND 2004

<u>Cash and Cash Equivalents</u>	<u>2005</u>	<u>2004</u>
Cash and Cash Equivalents	\$ 128,800	\$ 131,186
Total Cash and Cash Equivalents	<u>\$ 128,800</u>	<u>\$ 131,186</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General	\$ 54,254	\$ 66,680
Special Revenue	<u>74,546</u>	<u>64,506</u>
Total Governmental Funds	<u>128,800</u>	<u>131,186</u>
Total Fund Balances	<u>\$ 128,800</u>	<u>\$ 131,186</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 7,733	\$ -	\$ -	\$ 7,733
Intergovernmental	39,576	16,797	88,976	145,349
Fines, licenses, and permits	125	-	-	125
Interest	256	288	-	544
Miscellaneous	644	-	-	644
Total cash receipts	<u>48,334</u>	<u>17,085</u>	<u>88,976</u>	<u>154,395</u>
Cash disbursements:				
Current:				
Security of persons and property	23,961	-	-	23,961
Public health services	510	-	-	510
Leisure time activities	3,220	-	-	3,220
Basic utility services	19,218	3,301	-	22,519
General government	14,964	3,744	-	18,708
Capital outlay	<u>3,887</u>	<u>-</u>	<u>88,976</u>	<u>92,863</u>
Total cash disbursements	<u>65,760</u>	<u>7,045</u>	<u>88,976</u>	<u>161,781</u>
Total cash receipts over cash disbursements	<u>(17,426)</u>	<u>10,040</u>	<u>-</u>	<u>(7,386)</u>
Other financing receipts/(disbursements):				
Proceeds from sale of notes	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total other financing receipts/(disbursements)	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(12,426)	10,040	-	(2,386)
Cash fund balances, January 1, 2005	<u>66,680</u>	<u>64,506</u>	<u>-</u>	<u>131,186</u>
Cash fund balances, December 31, 2005	<u>\$ 54,254</u>	<u>\$ 74,546</u>	<u>\$ -</u>	<u>\$ 128,800</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2005

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2005 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2005 Appropriations	Total	Actual 2005 Disbursements	Encumbrances Outstanding at 12/31/05	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 66,680	\$ 62,420	\$ 129,100	\$ 53,334	\$ (9,086)	\$ -	\$ 128,950	\$ 128,950	\$ 65,760	\$ -	\$ 65,760	\$ 63,190
Special Revenue	64,506	8,600	73,106	17,085	8,485	-	73,084	73,084	7,045	-	7,045	66,039
Capital Projects	-	300,000	300,000	88,976	(211,024)	-	300,000	300,000	88,976	-	88,976	211,024
Total (Memorandum Only)	\$ 131,186	\$ 371,020	\$ 502,206	\$ 159,395	\$ (211,625)	\$ -	\$ 502,034	\$ 502,034	\$ 161,781	\$ -	\$ 161,781	\$ 340,253

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

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

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Local taxes	\$ 7,721	\$ -	\$ 7,721
Intergovernmental	38,212	12,622	50,834
Interest	256	188	444
Miscellaneous	5	-	5
Total cash receipts	46,194	12,810	59,004
Cash disbursements:			
Current:			
Security of persons and property	13,790	-	13,790
Public health services	511	-	511
Leisure time activities	109	2,626	2,735
Basic utility services	38,082	-	38,082
Transportation	-	2,514	2,514
General government	29,655	-	29,655
Total cash disbursements	82,147	5,140	87,287
Total cash receipts over/(under) cash disbursements	(35,953)	7,670	(28,283)
Other financing receipts			
Proceeds from sale of notes	20,000	-	20,000
Total other financing receipts	20,000	-	20,000
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(15,953)	7,670	(8,283)
Cash fund balances, January 1, 2004	82,633	56,836	139,469
Cash fund balances, December 31, 2004	\$ 66,680	\$ 64,506	\$ 131,186

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

Fund Types	Receipts					Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)							
Governmental:												
General	\$ 82,633	\$ 69,014	\$ 151,647	\$ 66,194	\$ (2,820)	\$ -	\$ 126,645	\$ 126,645	\$ 82,147	\$ -	\$ 82,147	\$ 44,498
Special Revenue	56,836	8,500	65,336	12,810	4,310	-	65,336	65,336	5,140	-	5,140	60,196
Total (Memorandum Only)	<u>\$ 139,469</u>	<u>\$ 77,514</u>	<u>\$ 216,983</u>	<u>\$ 79,004</u>	<u>\$ 1,490</u>	<u>\$ -</u>	<u>\$ 191,981</u>	<u>\$ 191,981</u>	<u>\$ 87,287</u>	<u>\$ -</u>	<u>\$ 87,287</u>	<u>\$ 104,694</u>

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Rossburg, Darke County, (the "Village") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: general governmental services, street maintenance, park operations, and police services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures 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 ROSSBURG
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Capital Projects Fund

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 funds). The Village had the following significant Capital Projects Fund in 2005:

Community Development Block Grant Fund (CDBG) - This fund receives on-behalf payments from the County for costs associated with sanitary sewer improvements within the Village.

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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the program level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the Darke County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted one supplemental appropriation in 2005 and none in 2004.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated. The Village had no outstanding encumbrances at December 31, 2005 and 2004.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$544 and \$444 for the years ended December 31, 2005 and 2004, respectively.

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - COMPLIANCE

The following items had expenditures in excess of appropriations for the year ended December 31, 2004 in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Fund/Program</u>	<u>Excess</u>
General/Mayor and Administrative Offices	\$ 474
General/Payment to County Health District	11
General/Land and Buildings	3,108
General/Other Governmental	776

NOTE 4 - EQUITY IN POOLED CASH & CASH EQUIVALENTS

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

	<u>2005</u>	<u>2004</u>
Deposits	<u>\$ 128,800</u>	<u>\$131,186</u>

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

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

NOTE 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. 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 annually. However, if the property owner elects, they may make semiannual payments.

Public utilities are also taxed on personal and real property located within the Village.

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.

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2005 and 2004, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/05</u>	<u>Balance at 12/31/04</u>
2004 Ohio Water Development Authority (OWDA) note for waste water planning.	<u>\$ 25,000</u>	<u>\$ 20,000</u>

Transactions for the years ended December 31, 2005 and 2004 are summarized as follows:

	<u>Balance at 01/01/05</u>	<u>Proceeds</u>	<u>Principal Retirement</u>	<u>Balance at 12/31/05</u>
<u>2005</u>				
2004 OWDA	<u>\$ 20,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>
	<u>Balance at 01/01/04</u>	<u>Proceeds</u>	<u>Principal Retirement</u>	<u>Balance at 12/31/04</u>
<u>2004</u>				
2004 OWDA	<u>\$ -</u>	<u>\$20,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>

The outstanding OWDA loan was paid off on January 1, 2006, however; a new loan was issued to build the sanitary sewer system. The Sanitary Sewer System loan has not been fully disbursed from OWDA.

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO**

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

NOTE 7 - RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. As of December 31, 2005, the Village had no outstanding liability.

NOTE 8 - RISK MANAGEMENT

In 2005 and 2004, the Village had obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- General liability and casualty
- Public official's liability

NOTE 9 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Members of Council and Mayor
Village of Rossburg
P.O. Box 94
200 West Main Street
Rossburg, Ohio 45362-0094

We have audited the financial statements of the Village of Rossburg (the “Village”), Darke County, Ohio as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 17, 2006, wherein we noted the Village of Rossburg followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States’ *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated May 17, 2006.

Members of Council and Mayor
Village of Rossburg

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 and contracts, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-VOR-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated May 17, 2006.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 17, 2006

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO
DECEMBER 31, 2005 AND 2004**

SCHEDULE OF FINDINGS

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2005-VOR-001

Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the Village of Rossburg had expenditures in excess of appropriations for the year ended December 31, 2004 in the following items:

<u>Fund/Program</u>	<u>Excess</u>
General/Mayor and Administrative Offices	\$ 474
General/Payment to County Health District	11
General/Land and Buildings	3,108
General/Other Governmental	776

With expenditures exceeding appropriations, the Village of Rossburg is unlawfully expending monies that have not been appropriated.

We recommend that the Village of Rossburg comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Client Response: The Village Fiscal Officer is attempting to obtain additional supplemental appropriations from the Village Council as deemed necessary.

**VILLAGE OF ROSSBURG
DARKE COUNTY, OHIO
DECEMBER 31, 2005 AND 2004**

SCHEDULE OF PRIOR AUDIT FINDINGS

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-VOR-001	Ohio Revised Code Section 5705.41(B) in part requires that expenditures shall not exceed appropriations.	No	Not corrected, repeated as Finding 2005-VOR-001
2003-VOR-002	Ohio Revised Code Section 5705.09 requires the establishment of certain funds for all entities when revenues are to be used for a particular purpose.	Yes	N/A



**Auditor of State
Betty Montgomery**

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

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF ROSSBURG

DARKE 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
JUNE 22, 2006**