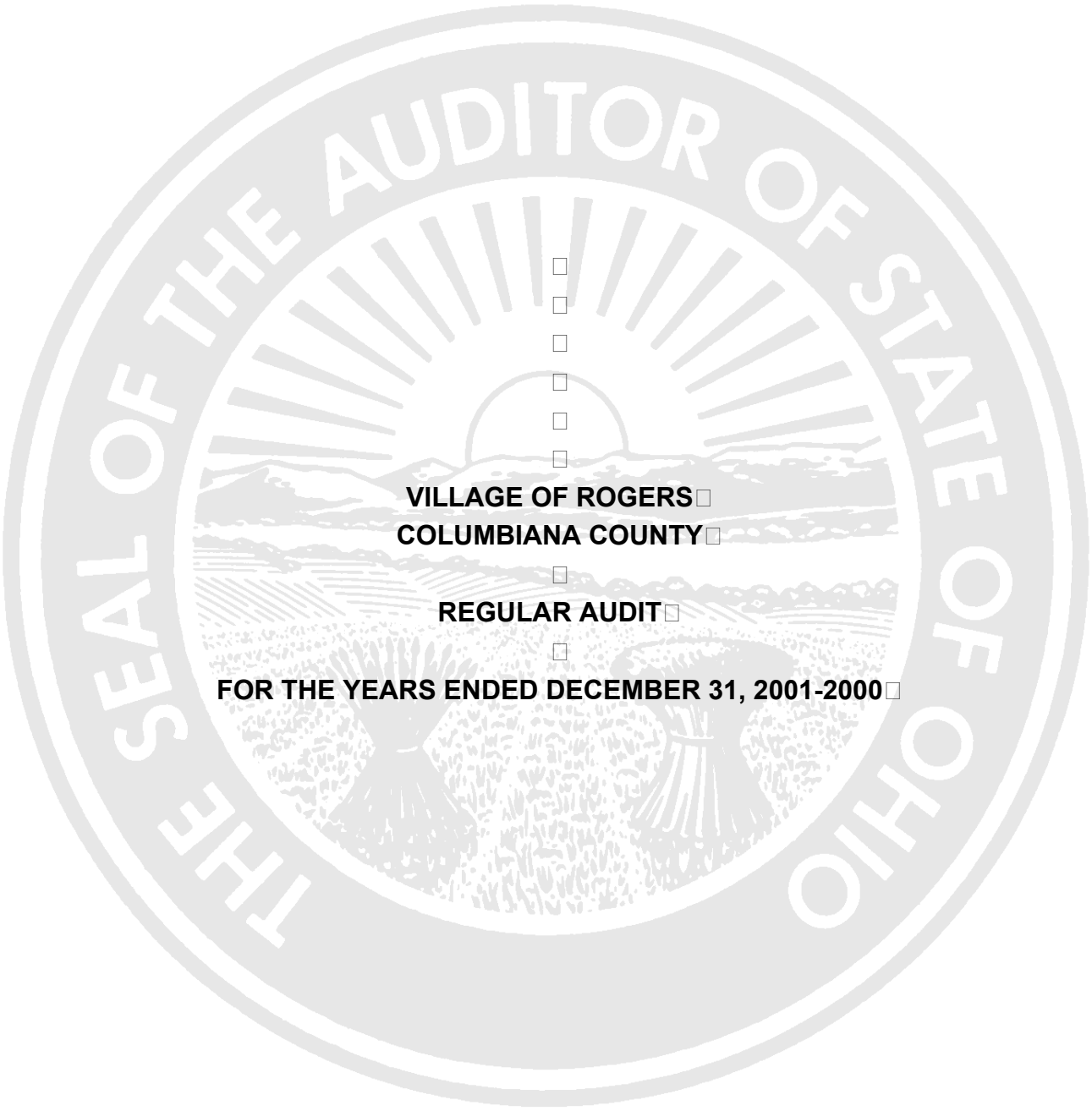

VILLAGE OF ROGERS
COLUMBIANA COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000

JIM PETRO
AUDITOR OF STATE
STATE OF OHIO

VILLAGE OF ROGERS
COLUMBIANA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Rogers
Columbiana County
PO Box 227
Rogers, Ohio 44455

To the Village Council:

We have audited the accompanying financial statements of the Village of Rogers (the Village) as of and for the years ended December 31, 2001 and 2000. 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 *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2001 and 2000, 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 June 30, 2002 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 § 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

June 30, 2002

VILLAGE OF ROGERS
COLUMBIANA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FUDICIARY FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types			
	General	Special Revenue	Agency	Totals (Memorandum Only)
Cash Receipts:				
Property Tax	$6,809	$7,362		$14,171
Intergovernmental Receipts	14,978	26,174		41,152
Fines, Licenses, and Permits	5,466			5,466
Earnings on Investments	4,908	2,073		6,981
Miscellaneous	1,693	250		1,943
Total Cash Receipts	33,854	35,859	0	69,713
Cash Disbursements:				
Current:				
Security of Persons and Property	13,417	24,849		38,266
Public Health Services	307			307
Community Environment		10,227		10,227
Transportation	8,998	14,392		23,390
General Government	29,578			29,578
Total Cash Disbursements	52,300	49,468	0	101,768
Total Receipts Over/(Under) Disbursements	(18,446)	(13,609)	0	(32,055)
Other Financing Receipts and (Disbursements):				
Mayor's Court Receipts			9,811	9,811
Mayor's Court Disbursements			(7,778)	(7,778)
Other Financing Sources (Uses)	500			500
Sale of Assets				0
Total Other Financing Receipts/(Disbursements)	500	0	2,033	2,533
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,946)	(13,609)	2,033	(29,522)
Fund Cash Balances, January 1	18,835	261,010	422	280,267
Fund Cash Balances, December 31	**$889**	**$247,401**	**$2,455**	**$250,745**

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

VILLAGE OF ROGERS
COLUMBIANA COUNTY

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

	General	Special Revenue	Agency	Totals (Memorandum Only)
Cash Receipts:				
Property Tax	$5,804	$6,751	$0	$12,555
Intergovernmental Receipts	19,313	37,355		56,668
Fines, Licenses, and Permits	7,101			7,101
Earnings on Investments	12,395	1,383		13,778
Miscellaneous	596			596
Total Cash Receipts	45,209	45,489	0	90,698
Cash Disbursements:				
Current:				
Security of Persons and Property	20,443	26,955		47,398
Public Health Services	350			350
Transportation		9,345		9,345
General Government	19,900	23,217		43,117
Capital Outlay		2,372		2,372
Total Cash Disbursements	40,693	61,889	0	102,582
Total Receipts Over/(Under) Disbursements	4,516	(16,400)	0	(11,884)
Other Financing Receipts and (Disbursements):				
Mayor's Court Receipts			9,683	9,683
Mayor's Court Disbursements			(9,171)	(9,171)
Other Financing Sources (Uses)	1,292			1,292
Sale of Assets	1,225			1,225
Total Other Financing Receipts/(Disbursements)	2,517	0	512	3,029
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,033	(16,400)	512	(8,855)
Fund Cash Balances, January 1	11,801	277,412	(90)	289,123
Fund Cash Balances, December 31	**$18,834**	**$261,012**	**$422**	**$280,268**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Rogers, Columbiana County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including road and bridge maintenance, police and fire protection services, and community environment services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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.

Repurchase Agreements (Sweep Accounts) are valued at cost.

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 Funds:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

COPS Universal Hiring Award – This fund accounts for money received from the U.S. Department of Justice to reimburse the Village for the payment of salaries and approved fringe benefits for police officers.

3. Fiduciary Funds (Agency Funds)

These funds are used to account for resources for which the Village is acting in an agency capacity. The Village maintains the following Agency Funds:

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

Mayor's Computer Fund – This fund accounts for the receipts and disbursements of the Village 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 be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled and re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –(Continued)

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.

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:

	2001	2000
Demand deposits	$15,751	$14,220
Total deposits	15,751	14,220
Repurchase agreement	235,004	266,048
Total investments	235,004	266,048
Total deposits and investments	$250,755	$280,268

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

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$46,877	$34,354	$12,523
Special Revenue	42,403	35,859	6,544
Total	$89,280	$70,213	$19,067

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	$68,581	$52,300	$16,281
Special Revenue	145,573	49,469	96,104
Total	$214,154	$101,769	$112,385

3. BUDGETARY ACTIVITY – (Continued)

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$50,125	$47,726	($2,399)
Special Revenue	27,689	45,489	17,800
Total	$77,814	$93,215	$15,401

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	$140,700	$40,693	$100,007
Special Revenue	52,280	61,889	(9,609)
Total	$192,980	$102,582	$90,398

Contrary to the Ohio Revised Code Section 5705.39, in 2000 current year appropriations from the General Fund exceeded the total estimated resources by $73,212. In addition, contrary to the Ohio Revised Code Section 5705.41(B), the disbursements plus outstanding encumbrances exceeded total appropriations in 2000 in the Grant (revolving loan) Fund by $14,813. Also, the Ohio Revised Code Section 5705.41(D) requires that the fiscal officer to certify the availability of funds prior to obligating an expense, it was found that 30 out of 60 vouchers tested had the purchase orders issued subsequent to the invoice date.

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 payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. RETIREMENT SYSTEMS

The Village's law enforcement officer belongs to the Ohio Police and Fire Pension Funds (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2001 and 2000, OP&F participants contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% of police participant gross salaries. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

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.

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

Village of Rogers
Columbiana County
PO Box 227
Rogers, Ohio 44455

To the Village Council:

We have audited the accompanying financial statements of the Village of Rogers (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 30, 2002. 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 *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items #2001-31215-001 through #2001-31215-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 30, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items #2001-31215-004 and #2001-31215-005.

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, of the reportable conditions described above we consider items #2001-31215-004 and #2001-31215-005 to be material weaknesses.

We also noted other matters involving internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 30, 2002.

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

Jim Petro
Auditor of State

June 30, 2002

VILLAGE OF ROGERS
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

NONCOMPLIANCE CITATIONS

FINDING NUMBER 2001-31215-001

Current-Year Appropriations exceeded the Total Estimated Resources *
* - (Repeat Citation from Prior Audit)

Ohio Revised Code Section 5705.39. The appropriation from each fund should 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.

Actual receipts were not sufficient to permit the Village to obtain an amended certificate of estimated resources greater than or equal to appropriations from the fund mentioned below:

2000	Total Estimated Resources	Current-Year Appropriations	Variance
General – 1000	67,488	140,700	(73,212)

We recommend that the Village comply with the Ohio Revised Code Section 5705.39.

FINDING NUMBER 2001-31215-002

Disbursements plus Outstanding Encumbrances exceeded Total Appropriations *

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

2000	Total Appropriations	Disbursements plus Outstanding Encumbrances	Variance
Special Revenue Fund:			
Grant (Revolving Loan) -2902	0	14,813	(14,813)

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

FINDING NUMBER 2001-31215-003

Purchase Orders or Blanket Certificates dated subsequent to Invoices *

Ohio Revised Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account. Then and Now Certificates were not furnished.

In 2000, 17 of the 30 vouchers had invoices dated prior to the purchase order or blanket certificate date. Whereas, in 2001, 13 of the 30 vouchers had invoices dated prior to the purchase orders or blanket certificates date. (Note: 30 of the 60 vouchers (50%) tested had the purchase orders issued subsequent to the invoice date.)

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

REPORTABLE CONDITIONS

FINDING NUMBER 2001-31215-004

Estimated Receipts exceeded Actual Receipts

All subdivisions should request a reduced amended certificates, upon the determination by the fiscal officer, that revenue to be collected will be less than the amount in the official certificate of estimated resources. The Village had estimated receipts greater than actual receipts, at December 31, 2000 and 2001, in the following funds:

	Estimated Receipts	Actual Receipts	Variance
General-1000 (in 2001)	46,877	34,354	(12,523)
Special Revenue Fund: (in 2000 & 2001) Grant (Revolving Loan) - 2902	10,000	0	(10,000)

In order to reduce the possibility that deficit spending will incur, we recommend the Village obtain a reduced amended certificate of estimated resources, and subsequently reduce appropriations, if needed, when it becomes apparent that actual revenue will become less than the amounts estimated.

FINDING NUMBER 2001-31215-005

Monthly Reconciliations ("books" to "bank") *
* - (Repeat Recommendation from Prior Audit.)

The Village treasury balance ("books") were not reconciled to the depository balance (bank) for the audit period January 1, 2000 through December 31, 2001. The receipts and checks issued (the support documentation) did not correspond to the receipts and checks reflected in the Cash Journal. We had to develop a Cash Journal for 2000 and 2001 and subsequently perform a monthly Proof of Cash by tracing the receipt and disbursement activity from the "books" to the "bank", in order to reconcile (on a monthly basis) the Village treasury balance to the depository balance. The Proof of Cash resulted in an audit adjustment of $3,156.33 for the audit period January 1, 2000 through December 31, 2001.

We also reconciled (performed a proof of cash) for January, February, March, and April 2002, in order to provide the Clerk/Treasurer with a reconciliation of the Village treasury balance to the depository balance as of April 30, 2002. The January/2002 through April/2002 Proof of Cash resulted in an adjustment of $50,974.06, (of which $29,340.00 was for temporary appropriations inadvertently recorded as fund balance adjustments in January 2002).

We recommend the Village Clerk/Treasurer perform a monthly Proof of Cash (by comparing the monthly receipt and disbursement activity from the "books" to the "bank"), in order to determine what got on the "books" also got in the "bank" and any difference would result in a reconciling item (ie., outstanding checks, deposit-in-transit, monthly interest earned on bank account, and bank service charges (on monthly bank statement not on "books"),...etc.).

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OFFICE OF THE AUDITOR

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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
AUGUST 20, 2002