



Mary Taylor, CPA  
Auditor of State



VILLAGE OF ROGERS  
COLUMBIANA COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Rogers, Columbiana County, (the Village) as of and for the years ended December 31, 2003 and 2002. 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 from 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 and reserves for encumbrances of the Village as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on a basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007 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.

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**Mary Taylor, CPA**  
Auditor of State

December 14, 2007

**VILLAGE OF ROGERS  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$9,439	\$7,765	\$17,204
Intergovernmental	18,047	9,963	28,010
Special Assessments		458	458
Fines, Licenses and Permits	6,943		6,943
Earnings on Investments	345	10	355
Miscellaneous	3,989	1,825	5,814
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	38,763	20,021	58,784
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	31,134	8,622	39,756
Public Health Services	106		106
Leisure Time Activities		746	746
Community Environment		27,048	27,048
Transportation	6,506	22,066	28,572
General Government	23,149		23,149
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	60,895	58,482	119,377
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(22,132)	(38,461)	(60,593)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts / (Disbursements):</b>			
Advances-In	14,400	3,550	17,950
Advances-Out		(17,950)	(17,950)
Other Financing Uses		(662)	(662)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	14,400	(15,062)	(662)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,732)	(53,523)	(61,255)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	(996)	151,367	150,371
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>(\$8,728)</b>	<b>\$97,844</b>	<b>\$89,116</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances, December 31	\$4,403	\$1,715	\$6,118
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Fines, Licenses and Permits	\$12,813
Total Operating Cash Receipts	12,813
<b>Operating Cash Disbursements:</b>	
Capital Outlay	1,519
Total Operating Cash Disbursements	1,519
Operating Income/(Loss)	11,294
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	11,230
Total Non-Operating Cash Disbursements	11,230
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	64
Fund Cash Balances, January 1	2,828
<b>Fund Cash Balances, December 31</b>	<b>\$2,892</b>

*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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$6,768	\$6,874	\$13,642
Intergovernmental	11,993	24,312	36,305
Special Assessments		696	696
Fines, Licenses and Permits	9,828		9,828
Earnings on Investments	695	649	1,344
Miscellaneous	598	1,331	1,929
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	29,882	33,862	63,744
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	10,138	26,760	36,898
Public Health Services	58		58
Community Environment		82,075	82,075
Transportation	9,903	16,861	26,764
General Government	15,868		15,868
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	35,967	125,696	161,663
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(6,085)	(91,834)	(97,919)
<b>Other Financing Receipts / (Disbursements):</b>			
Advances-In	4,200		4,200
Advances-Out		(4,200)	(4,200)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	4,200	(4,200)	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(1,885)	(96,034)	(97,919)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	889	247,401	248,290
<b>Fund Cash Balances, December 31</b>	<hr/> <b>(\$996)</b>	<hr/> <b>\$151,367</b>	<hr/> <b>\$150,371</b>
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	<b>\$1,507</b>	<b>\$1,924</b>	<b>\$3,431</b>

*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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Fines, Licenses and Permits	\$13,951
Total Operating Cash Receipts	13,951
<b>Operating Cash Disbursements:</b>	
Contractual Services	919
Supplies and Materials	12,659
Total Operating Cash Disbursements	13,578
Operating Income/(Loss)	373
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	373
Fund Cash Balances, January 1	2,455
<b>Fund Cash Balances, December 31</b>	<b>\$2,828</b>

*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, 2003 AND 2002**

**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 police services. The Village contracts with the Negley Volunteer Fire Association to provide 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. Cash 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose 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.

**VILLAGE OF ROGERS  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

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

**3. Fiduciary Funds (Agency 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 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 (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. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

**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 2003 and 2002 budgetary activity appears in Note 3.

**VILLAGE OF ROGERS  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**F. 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2003	2002
Demand deposits	\$9,438	\$12,929
Savings Account	2,348	\$1,594
Total deposits	11,786	14,523
Repurchase agreement	80,222	138,676
Total investments	80,222	138,676
Total deposits and investments	\$92,008	\$153,199

**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, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,258	\$38,763	(\$3,495)
Special Revenue	208,786	20,021	(188,765)
Total	\$251,044	\$58,784	(\$192,260)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,258	\$65,298	(\$23,040)
Special Revenue	208,786	60,859	147,927
Total	\$251,044	\$126,157	\$124,887

**VILLAGE OF ROGERS  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,287	\$29,882	(\$8,405)
Special Revenue	174,085	33,862	(140,223)
Total	\$212,372	\$63,744	(\$148,628)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$38,287	\$37,474	\$813
Special Revenue	174,085	127,620	46,465
Total	\$212,372	\$165,094	\$47,278

Contrary to the Ohio Revised Code Section 5705.41(B), the disbursements plus outstanding encumbrances exceeded total appropriations in 2002 in the Grant (revolving loan) Fund by \$49,989 and the COPS Grant Fund by \$17,583 in calendar 2003 the General Fund by \$23,040 and the Street Maintenance & Repair Fund by \$458.

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 18 out of 66 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 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.

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.

**VILLAGE OF ROGERS  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. RETIREMENT SYSTEMS – (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, 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, 2003.

**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.

**7. SUBSEQUENT EVENTS**

The Village is currently experiencing certain negative financial conditions. As of December 31, 2003 the following funds had negative cash balances:

<b>Fund #</b>	<b>Fund Name</b>	<b>Deficit</b>
1000	General Fund	(\$ 8,728 )
2011	Street Construction, Maintenance & Repair	(\$ 3,211 )
2021	State Highway	(\$ 2,886 )
2101	Permissive Motor Vehicle Tax	(\$ 830 )
2121	COPS Fast Grant	(\$ 2,467 )
2901	Fire Fund	(\$ 327 )

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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 the financial statements of the Village of Rogers, Columbiana County, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated December 14, 2007. 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 of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 non compliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001, 2003-002 and 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated December 14, 2007.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Rogers' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course in performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated December 14, 2007.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

December 14, 2007

VILLAGE OF ROGERS  
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

**Material Noncompliance Citation – Certification of the Availability of Funds \***

**Ohio Rev. Code § 5705.41 (D)**, states no orders or contracts involving the expenditure of money are to be made unless a certificate signed by the fiscal officer is attached. The fiscal officer must certify that the amount required for the order or contract 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 encumbrances.

There are several exceptions to the standard requirement stated above that a fiscal officer's 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 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 the fiscal officer can certify that both at the time that the contract or order was made "then" at the time that he is completing his certification "now", sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 (\$1,000 prior to April 7, 2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority

2. Blanket Certificate – Fiscal officers 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. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) 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 account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring 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.

**FINDING NUMBER 2003-001  
 (Continued)**

The Village did not always certify the availability of funds prior to the time of the commitment. We noted 39% of the transactions tested during the year ended 12/31/2002 and 15% of the transactions tested during the year ended 12/31/2003 were not properly certified. Incurring obligations prior to the fiscal officer's certification could result in the Village spending more than appropriated.

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 receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the fiscal officer 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.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Clients Response:** I'm attempting to address any and all concerns.

**FINDING NUMBER 2003-002**

**Material Noncompliance Citation – Negative Fund Balances**

**Ohio Revised Code Section 5705.10(H)** states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

Numerous adjustments were required to be made to the Village's December 31, 2003 and 2002 financial statements as a result of posting errors to incorrect funds and inconsistencies in the use of individual funds by the Village. As a result of the adjustments, the following adjusted fund balances had negative fund balances at December 31, 2003 and 2002.

**Negative Fund Balances at 12/31/2003**

<b>Fund #</b>	<b>Fund Name</b>	<b>Fund Balance</b>
1000	General Fund	(\$ 8,728 )
2011	Street Construction, Maintenance & Repair	(\$ 3,211 )
2021	State Highway	(\$ 2,886 )
2101	Permissive Motor Vehicle Tax	(\$ 830 )
2121	COPS Fast Grant	(\$ 2,467 )
<b>2901</b>	<b>Fire Fund</b>	<b>(\$ 327 )</b>

**Negative Fund Balances at 12/31/2002**

<b>Fund #</b>	<b>Fund Name</b>	<b>Fund Balance</b>
1000	General Fund	(\$ 996 )
2121	COPS Fast Grant	(\$ 3,162 )

**FINDING NUMBER 2003-002  
 (Continued)**

The Village should review the current financial status of its funds and should be cognizant of the revenue sources collected in comparison to the expenditures incurred in order to maintain the general services of the Village. We also recommend the Village review their budget activity to ensure there are no negative fund balances during the year. Negative fund balances may be prevented through the use of advances of monies from the general fund.

**Clients Response:** I'm attempting to address any and all concerns.

**FINDING NUMBER 2003-003**

**Material Noncompliance Citation – Disbursements plus Outstanding Encumbrances exceeded Total Appropriations \***

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

We noted that the Village had expenditures in excess of amounts appropriated for the following Funds:

<b>Fund</b>	<b>Total Appropriations</b>	<b>Disbursements, plus outstanding Encumbrances</b>	<b>Variance</b>
<b>Calendar 2003:</b>			
General Fund (Fund 1000)	42,258	65,298	(23,040)
Street Maintenance Fund (Fund 2011)	12,579	13,037	(458)
<b>Calendar 2002:</b>			
COPS Grant Fund (Fund 2121)	\$ 4,377	21,960	(17,583)
Nemenz Grant (Fund 2063)	30,000	79,989	(49,989)

We recommend that the Village adopt procedures that would ensure expenditures do not exceed appropriations as prescribed in Ohio Revised Code Section 5705.41(B).

**Clients Response:** I'm attempting to address any and all concerns.

**FINDING NUMBER 2003-004**

**Reportable Condition - Monthly Reconciliations (“books” to “bank”) \***

When designing the public office’s system of internal control and the specific control activities, management should consider the following:

- Ensure that all transactions are properly authorized in accordance with management’s policies.
- Ensure that accounting records are properly designed.
- Ensure adequate security of assets and records.
- Plan for adequate segregation of duties or compensating controls
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

**FINDING NUMBER 2003-004  
 (Continued)**

- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.
- Monitor activities performed by service organizations.

The Village failed to reconcile the monthly fund cash balances to the depository balances for the audit period January 1, 2002 through December 31, 2003. On July 23, 2004 we provided the Village with a 90 day letter declaring the Village's financial records unauditible due to the failure to prepare the monthly reconciliations we described above. On August 6, 2007 the Clerk-Treasurer notified the Auditor of State Office that the monthly reconciliations for the audit period January 1, 2002 through December 31, 2003 were completed.

The Clerk-Treasurer had documented numerous posting errors during the reconciling process. The following table reflects the adjustments per fund type that were necessary to correct the posting errors for the years ended December 31, 2002 and 2003:

Year 2002	Total Amount Adjusted
General Fund	1,326
Special Revenue Funds	(8,934)
Agency Funds	(1295)

Year 2003	Total Amount Adjusted
General Fund	(7,731)
Special Revenue Funds	(53,523)
Agency Funds	64

The following list describes the types of posting errors which had been made and were in need of correction to properly reflect the Villages funds. A total of 54 corrections were made for fiscal year 2002 and 45 corrections were made for fiscal year 2003.

- Both check numbers and check amounts were posted in error.
- Adjustments made for errors that were noted during the fiscal years were incorrectly posted to the accounting system.
- Receipts were posted in error.
- Interest earned and voided checks were not properly posted.

The failure to provide accurate fund cash balances and cash reconciliations to the Village's Council increases the risk that financial decisions made by Council could create a financial burden for the Village which would have other wise been avoided.

We recommend the Village Clerk-Treasurer prepare monthly reconciliations to provide assurance that Villages fund cash balances and the depository balances agree. We also recommend that the Mayor or a Council member review and sign-off on each monthly reconciliation.

**Clients Response:** I'm attempting to address any and all concerns.

**VILLAGE OF ROGERS  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2001-31215-001	Current Year Appropriations exceeded the total estimated resources	Yes	
2001-31215-002	Disbursements plus Outstanding Encumbrances exceeded total appropriations	No	Repeated in GAGAS Letter Finding Number 2003-003
2001-31215-003	Purchase orders or blanket certificates dated subsequent to invoices	No	Repeated in GAGAS Letter Finding Number 2003-001
2001-31215-004	Estimated receipts exceeded actual receipts	No	Partially corrected, in management letter
2001-31215-005	Monthly bank reconciliations not performed	No	Repeated in GAGAS Letter Finding Number 2003-004







**Mary Taylor, CPA**  
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  
MARCH 6, 2008**