



Dave Yost • Auditor of State



VILLAGE OF ROSWELL  
TUSCARAWAS COUNTY

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# Dave Yost • Auditor of State

Village of Roswell  
Tuscarawas County  
5198 Main Street  
New Philadelphia, Ohio 44663

To the Honorable Mayor and Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

April 13, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Roswell  
Tuscarawas County  
5198 Main Street  
New Philadelphia, Ohio 44663

To the Honorable Mayor and Village Council:

We have audited the accompanying financial statements of the Village of Roswell, Tuscarawas County, Ohio, (the Village) as of and for the year ended December 31, 2008. 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.

Except as noted below, 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 our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient evidential matter supporting the amounts recorded as municipal income taxes and utility revenues for the year ended December 31, 2008. Municipal income taxes consisted of \$18,913, which is 39.2 percent of the General Fund revenue for the year ended December 31, 2008. Utility revenues consisted of \$50,892, which is 100 percent of total Enterprise Fund operating revenue for the year ended December 31, 2008. We were unable to determine the validity of municipal income taxes and utility receipts through alternative procedures.

As described more fully in Note 1, the Village has prepared these financial statements 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008, or its changes in financial position or cash flows where applicable for the year then ended.

Also, in our opinion, except for the effects of not providing supporting documentation for the amounts recorded as income tax for the General Fund and utility revenue for the Enterprise Fund as described in a previous paragraph the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and Enterprise Fund of the Village of Roswell, Tuscarawas County, Ohio as of December 31, 2008 and the respective cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

In addition, in our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the special revenue funds for the Village of Roswell, Tuscarawas County, Ohio as of December 31, 2008 and the respective cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2011, 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. 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.



**Dave Yost**  
Auditor of State

April 13, 2011



**VILLAGE OF ROSWELL  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$10,229	\$6,304	\$16,533
Municipal Income Tax	18,913		18,913
Intergovernmental	12,113	12,257	24,370
Charges for Services	250		250
Fines, Licenses and Permits	142		142
Earnings on Investments	194	0	194
Miscellaneous	6,694		6,694
	<u>48,535</u>	<u>18,561</u>	<u>67,096</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	10,087	2,200	12,287
Public Health Services	218		218
Leisure Time Activities	31		31
Community Environment	61		61
Basic Utility Service	3,924	5,377	9,301
Transportation	72	11,212	11,284
General Government	38,983	152	39,135
	<u>53,376</u>	<u>18,941</u>	<u>72,317</u>
<b>Total Cash Disbursements</b>			
Excess of Cash Receipts (Under) Cash Disbursements	(4,841)	(380)	(5,221)
Fund Cash Balances, January 1	12,094	11,513	23,607
	<u>12,094</u>	<u>11,513</u>	<u>23,607</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$7,253</u></u>	<u><u>\$11,133</u></u>	<u><u>\$18,386</u></u>

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

VILLAGE OF ROSWELL  
TUSCARAWAS COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

<b>Operating Cash Receipts:</b>	
Charges for Services	\$50,892
	<hr/>
Total Operating Cash Receipts	50,892
	<hr/>
<b>Operating Cash Disbursements:</b>	
Personal Services	9,240
Contractual Services	22,608
Supplies and Materials	2,359
	<hr/>
Total Operating Cash Disbursements	34,207
	<hr/>
Operating Income	16,685
	<hr/>
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental	24,715
	<hr/>
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	8,097
	<hr/>
Net Receipts Over Disbursements	33,303
	<hr/>
Fund Cash Balances, January 1	39,230
	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$72,533</b>
	<hr/> <hr/>

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

**VILLAGE OF ROSWELL  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008**

**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 Roswell, Tuscarawas County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Village of Sherrodsville to receive 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 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:

VILLAGE OF ROSWELL  
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

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

Refuse Collection Levy Fund – This fund receives tangible personal property tax money to fund refuse collection services.

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

Water Fund - This fund receives charges for services from residents to cover water service costs.

**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 legal 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.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) 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. The Village did not use the encumbrance method of accounting.

A summary of 2008 budgetary activity appears in Note 3.

**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.

**VILLAGE OF ROSWELL  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

**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:

	2008
Demand deposits	\$89,444

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

**3. Budgetary Activity**

Budgetary activity for the years ended December 31, 2008 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,505	\$48,256	\$1,751
Special Revenue	19,883	18,864	(1,019)
Enterprise	37,323	75,607	38,284
Total	\$103,711	\$142,727	\$39,016

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$48,337	\$53,389	(\$5,052)
Special Revenue	20,050	18,952	1,098
Enterprise	36,213	42,304	(6,091)
Total	\$104,600	\$114,645	(\$10,045)

Contrary to Ohio law, the Village's Street Fund had a negative balance from February to December 2008 ranging from \$118 to \$3,570. Also, contrary to Ohio law, fund level expenditures exceeded appropriations within the General Fund and the Enterprise Funds. Contrary to Ohio law, the Village did not certify the availability of funds prior to incurring the obligations.

**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.

**VILLAGE OF ROSWELL  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

**4. Property Tax (Continued)**

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. Local Income Tax**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. Debt**

Debt outstanding at December 31, 2008 was as follows:

	<u>Balance</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #4902 (Principal)	\$512,000	1.9%
Ohio Water Development Authority Loan #4902 (Interest)	42,116	
Total Outstanding Loan Balance	<u><u>\$554,116</u></u>	

The Ohio Water Development Authority (OWDA) loan #4092 relates to a water storage and distribution system construction project. The Village will not be billed for this loan until it is completely drawn upon and repayment terms will be agreed upon at that time. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. No loan proceeds were received during fiscal year 2008 but capitalized interest continues to increase the loan outstanding balance.

**7. Retirement System**

All Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF ROSWELL  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008  
(Continued)**

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**9. Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**10. Subsequent Event**

Effective July 13, 2010 the Village transferred the operations of the water utility activity, cash balance and the OWDA loan (see note 6) to the Village of Midvale.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Roswell  
Tuscarawas County  
5198 Main Street  
New Philadelphia, Ohio 44663

To the Honorable Mayor and Village Council:

We have audited the financial statements of the Village of Roswell, Tuscarawas County, Ohio, (the Village) as of and for the year ended December 31, 2008, and have issued our report thereon dated April 13, 2011 wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We qualified our opinion on the amounts reported as municipal income taxes for the General Fund and utility revenues for the Enterprise Fund. Except as discussed in the preceding sentence, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-005 through 2008-008 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting. A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding numbers 2008-006 through 2008-008 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated April 13, 2011.

### **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, providing an opinion 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 2008-001 through 2008-004 and 2008-009.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 13, 2011.

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.

We intend this report solely for the information and use of the Village Council, management, and others within the Village. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

April 13, 2011

VILLAGE OF ROSWELL  
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008

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

FINDING NUMBER 2008-001

**Noncompliance Citation**

**Ohio Rev. Code Section 149.351** requires that 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 Ohio Rev. Code Sections 149.38 through 149.42.

The Village was unable to locate the following vouchers and supporting documentation selected for testing:

- Voucher number 9939 to Postmaster in the amount of \$26.
- Voucher number 9947 to James Beatty in the amount of \$50.
- Voucher number 9977 to Teresa Byers in the amount of \$80.
- Voucher number 10013 to Postmaster in the amount of \$27.
- Voucher number 10075 to PERS in the amount of \$349.92.
- Voucher number 10076 to Teresa Byers in the amount of \$80.
- Voucher number 10151 to Curt Gipe in the amount of \$750.
- .

While the expenditures were reasonable in nature, the Village should ensure all records are adequately safeguarded. This will help ensure records are not lost or destroyed.

**Officials' Response:** Village agrees with finding. However, the Village is confident that all the listed vouchers and checks can be verified as legal transactions if needed.

FINDING NUMBER 2008-002

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.10** requires that monies paid into any fund be used only for the purposes for which such fund is established. Village's Street Fund had a negative balance from February to December 2008 ranging from \$118 to \$3,570.

Negative cash fund balances are an indication that revenues from other sources were used to pay obligations of these funds. Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Rev. Code.

**Officials' Response:** Village agrees with finding. Corrective steps have been taken to avoid this issue in the future. The Village is now using the state UAN accounting system.

### FINDING NUMBER 2008–003

#### Noncompliance Citation

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

At December 31, 2008, fund level expenditures exceeded appropriations within the General fund by \$5,052 and Water Fund by \$6,091. The Fiscal Officer should frequently compare actual expenditures to appropriations at the fund level to avoid overspending.

**Officials' Response:** Village agrees with finding. Corrective steps have been taken to avoid this issue in the future. The Village is now using the state UAN accounting system.

### FINDING NUMBER 2008–004

#### Noncompliance Citation

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the 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 made 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 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"), and at the time that the fiscal officer is completing the certification ("now"), that 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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.  
Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 Village.
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. 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 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.

**FINDING NUMBER 2008–004 (Continued)**

During fiscal year 2008, 60 out of 60 (or 100%) of expenditures tested were not certified as to the availability of funds by the Fiscal Officer prior to incurring the obligations due to the Purchase Orders not having the required certification language. There was no evidence that any of the above mentioned exceptions were utilized either. The Fiscal Officer should inform Village Council of the requirements of Ohio Rev. Code Section 5705.41(D). The Village should implement the use of so called Then and Now Certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which arise from time to time.

In addition, the Village should issue general purchase orders or “Then and Now” Certificates for utility bills in order for funds to be properly certified according to Ohio Revised Code Section 5705.41(D).

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.

**Officials’ Response:** Village agrees with finding. Corrective steps have been taken to avoid this issue in the future. The Village is now using the state UAN accounting system.

**FINDING NUMBER 2008–005**

**Significant Deficiency**

**Bank Reconciliations and Fiscal Officer’s Monthly Reports**

Village Council does not review or approve financial information such as bank reconciliations, the Detail Transaction History Report, appropriation and fund balance reports as prepared by the Fiscal Officer. In addition, Council did not approve the payment of monthly bills for every meeting during the audit period.

Without evidence of review (i.e. initials of Council members or acceptance in the minutes) of the bank reconciliations and the Fiscal Officer’s financial reports on a monthly basis by Village Council, unrecognized errors could occur which result in misstatement of the Village’s records.

Village Council should review and approve all bank reconciliations, financial reports, and bills on a monthly basis as presented to them to ensure accuracy of the Village’s financial records.

**Officials’ Response:** Village agrees with finding. Corrective steps have been taken to avoid this issue in the future.

## FINDING NUMBER 2008-006

### Significant Deficiency/Material Weakness

#### Income Tax Collections

The Village does not monitor or have controls in place over income tax collections. The Village lacked supporting documentation such as ledgers to support the receipt of \$18,913 in income taxes and listings of Village residents. Records were not maintained on what residents paid or should have paid. We therefore were unable to obtain sufficient evidential matter supporting the amounts recorded as income tax revenues, and alternative procedures could not be performed.

The Village should implement controls over income tax collections. The controls should address monitoring procedures over the timeliness of collections, assurance that all eligible tax payers have filed, delinquent filers, issuing Form 1099 G's for refunds exceeding \$10 and income taxes collected are properly posted to the Village's ledgers. In addition, the Fiscal Officer should submit monthly financial reports over income tax collections to council for their review and approval. This will help ensure the accuracy of the Village's income tax receipt collections.

**Officials' Response:** Village agrees with finding. Corrective steps have been taken to improve the income tax collections. The administration will continue to work on improving this issue to avoid future findings.

## FINDING NUMBER 2008-007

### Significant Deficiency/Material Weakness

#### Posting Receipts

As a result of the audit procedures performed, errors were noted in the financial statements that required audit adjustments and reclassifications. The financial statements have been adjusted for the following errors:

- Intergovernmental revenue was initially understated in the General Fund, Special Revenue Funds, and Enterprise Funds by \$1,183, \$4,138, and \$24,715, respectively.
- Income tax revenues were initially understated in the General Fund by \$5,218.
- Property tax revenues were initially overstated in the General Fund and Special Revenue Funds by \$6,353 and \$1,151, respectively.
- Miscellaneous revenues were initially overstated in the General Fund, Special Revenue Funds, and Enterprise Funds by \$48, \$2,987 and \$24,715, respectively.

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

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes, by the Fiscal Officer and Village Council to identify and correct errors and omissions.

**Officials' Response:** Village agrees with finding. Corrective steps have been taken to avoid this issue in the future.

## FINDING NUMBER 2008-008

### Significant Deficiency/Material Weakness

#### Water Accounts

The Village did not have controls in place over water revenue collections in the reported in the amount of \$50,892. Bill stubs were not maintained, supporting documentation for deposits was not maintained, payment of cash was indicated on the detail adjustments however cash was not deposited. The Village's Utilities Department generates a report that details adjustments made to customer billings on a monthly basis. However, we could find no indication that these reports were reviewed and approved by appropriate Village management. This could result in an increased risk of the Village not receiving monies owed for water utilities. Also, inappropriate adjustments are more likely to occur without proper approval prior to adjustments being made. We therefore were unable to obtain sufficient evidential matter supporting the amounts recorded as utility revenues, and alternative procedures could not be performed.

The Village should implement controls over water accounts. The controls should address monitoring procedures over delinquent accounts, timeliness of billing, and adjustments made to customer accounts. In addition, the Fiscal Officer should submit monthly financial reports over water account collections to council for their review and approval. This will help ensure the accuracy of the Village's water receipt collections.

**Officials' Response:** Village agrees with finding. The water accounts are no longer an issue for the Village. The Village has transferred the Water System to the Village of Midvale.

## FINDING NUMBER 2008-009

### Noncompliance/Finding for Recovery

During the audit of the Village of Roswell for the period of January 1, 2008 through December 31, 2008 the following was noted with regard to the former fiscal officer:

- Cash recorded for water account payments but not deposited in the Village bank account: \$72

Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued against Michele Maple, former Village fiscal officer, and her bonding company Platte River Insurance Company, in the amount of \$72 and in favor of the Water Fund.

**Officials' Response:** To the best knowledge of the village administration they are in agreement with this finding. The records were very poorly kept by the previous fiscal officer. Progress has been made to avoid these types of findings in the future. The administration will continue to educate on responsibilities and requirements required by the state to avoid any future illegal expenditures.

**VILLAGE OF ROSWELL  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2007-001	<b>Ohio Rev. Code Section 3.06</b> - Bonds were not maintained for certain officials.	Yes	Finding no longer valid
2007-002	<b>Ohio Rev. Code Section 9.38</b> - Receipts were not deposited timely.	Yes	Finding no longer valid
2007-003	<b>Ohio Rev. Code Section 145.351</b> - The Village was unable to locate several documents.	No	Repeated as finding number 2008-001
2007-004	<b>Ohio Rev. Code Section 5705.10</b> The Village had a negative Water Fund Balance.	No	Repeated as finding number 2008-002
2007-005	<b>Ohio Rev. Code Section 5705.41 (D)</b> Funds were not properly certified prior to purchase commitment.	No	Repeated as finding number 2008-004
2007-006	<b>Bank Reconciliations and Fiscal Officer's Monthly Reports</b> Council should approve montly reports.	No	Repeated as finding number 2008-005
2007-007	<b>Posting of Receipts</b> - Financial statement adjustments were made do to receipting errors.	No	Repeated as finding number 2008-007
2007-008	<b>Water Accounts</b> - The Village should implement controls over water receipt collections.	No	Repeated as finding number 2008-008
2007-009	<b>Income Tax Collections</b> - The Village should develop control procedures over income tax collections.	No	Repeated as finding number 2008-006
2007-010	<b>Finding For Recovery</b> – Former Fiscal Officer \$2,599	No	Repeated as finding number 2008-009
2007-011	<b>5705.41(B)</b> - fund level expenditures exceeded appropriations within the Water fund	No	Repeated as finding number 2008-003





# Dave Yost • Auditor of State

VILLAGE OF ROSWELL

TUSCARAWAS 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 2, 2011