



Dave Yost • Auditor of State

VILLAGE OF ROSSBURG
DARKE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Rossburg
Darke County
200 W. Main Street
PO Box 94
Rossburg, Ohio 45362

To the Village Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 22, 2014

**VILLAGE OF ROSSBURG
DARKE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	\$8,819				\$8,819
Intergovernmental	16,829	\$12,996			29,825
Special Assessments			\$17,516		17,516
Earnings on Investments	31				31
Miscellaneous	238				238
Total Cash Receipts	<u>25,917</u>	<u>12,996</u>	<u>17,516</u>		<u>56,429</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	5,049				5,049
Public Health Services	561				561
Leisure Time Activities	2,330				2,330
Basic Utility Services	8,204	2,913			11,117
General Government	16,945				16,945
Debt Service:					
Principal Retirement			26,213		26,213
Interest and Fiscal Charges			2,475		2,475
Total Cash Disbursements	<u>33,089</u>	<u>2,913</u>	<u>28,688</u>		<u>64,690</u>
Excess of Receipts Over (Under) Disbursements	<u>(7,172)</u>	<u>10,083</u>	<u>(11,172)</u>		<u>(8,261)</u>
Other Financing Receipts (Disbursements):					
Advances In			10,334		10,334
Advances Out		(10,334)			(10,334)
Other Financing Uses			(1,100)		(1,100)
Total Other Financing Receipts (Disbursements)		<u>(10,334)</u>	<u>9,234</u>		<u>(1,100)</u>
Net Change in Fund Cash Balances	(7,172)	(251)	(1,938)		(9,361)
Fund Cash Balances, January 1	<u>21,794</u>	<u>48,896</u>	<u>14,298</u>	<u>(\$26,578)</u>	<u>58,410</u>
Fund Cash Balances, December 31:					
Restricted		48,645	24,603		73,248
Assigned					
Unassigned (Deficit)	14,622		(12,243)	(26,578)	(24,199)
Fund Cash Balances, December 31	<u>\$14,622</u>	<u>\$48,645</u>	<u>\$12,360</u>	<u>(\$26,578)</u>	<u>\$49,049</u>

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

VILLAGE OF ROSSBURG
DARKE COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGE IN FUND BALANCE (CASH BASIS)
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$78,877
Total Operating Cash Receipts	<u>78,877</u>
Operating Cash Disbursements:	
Contractual Services	32,609
Supplies and Materials	327
Total Operating Cash Disbursements	<u>32,936</u>
Operating Income	<u>45,941</u>
Non-Operating (Disbursements):	
Principal Retirement	(39,824)
Total Non-Operating (Disbursements)	<u>(39,824)</u>
Net Change in Fund Cash Balance	6,117
Fund Cash Balance, January 1	<u>98,837</u>
Fund Cash Balance, December 31	<u><u>\$104,954</u></u>

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

**VILLAGE OF ROSSBURG
DARKE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	\$7,197				\$7,197
Intergovernmental	22,872	\$13,127			35,999
Special Assessments			\$16,724		16,724
Earnings on Investments	22	11			33
Miscellaneous	392				392
Total Cash Receipts	<u>30,483</u>	<u>13,138</u>	<u>16,724</u>		<u>60,345</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	6,907				6,907
Public Health Services	635				635
Basic Utility Services	11,941	1,961			13,902
General Government	22,649		477		23,126
Debt Service:					
Principal Retirement			10,941		10,941
Interest and Fiscal Charges			2,853		2,853
Total Cash Disbursements	<u>42,132</u>	<u>1,961</u>	<u>14,271</u>		<u>58,364</u>
Net Change in Fund Cash Balances	(11,649)	11,177	2,453		1,981
Fund Cash Balances, January 1	<u>33,443</u>	<u>37,719</u>	<u>11,845</u>	(\$26,578)	<u>56,429</u>
Fund Cash Balances, December 31:					
Restricted		48,896	22,791		71,687
Committed					
Assigned	2,696				2,696
Unassigned (Deficit)	19,098		(8,493)	(26,578)	(15,973)
Fund Cash Balances, December 31	<u>\$21,794</u>	<u>\$48,896</u>	<u>\$14,298</u>	<u>(\$26,578)</u>	<u>\$58,410</u>

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

VILLAGE OF ROSSBURG
DARKE COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGE IN FUND BALANCE (CASH BASIS)
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$68,009
Total Operating Cash Receipts	<u>68,009</u>
Operating Cash Disbursements:	
Contractual Services	26,009
Supplies and Materials	161
Total Operating Cash Disbursements	<u>26,170</u>
Operating Income	<u>41,839</u>
Non-Operating (Disbursements):	
Principal Retirement	<u>(26,550)</u>
Total Non-Operating (Disbursements)	<u>(26,550)</u>
Net Change in Fund Cash Balance	15,289
Fund Cash Balance, January 1	<u>83,548</u>
Fund Cash Balance, December 31	<u><u>\$98,837</u></u>

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

**VILLAGE OF ROSSBURG
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Rossburg, Darke County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer services for which Darke County is the fiscal agent and handles the billing and collection.

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 has no investments.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

State Highway Improvement Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing State Highway.

**VILLAGE OF ROSSBURG
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

West Main Street Fund – This fund receives special assessments to repay the bank loan for road work on West Main Street.

East Main Street Fund – This fund receives special assessments to repay the bank loan for road work on West Main Street.

Broad Street Fund – This fund receives special assessments to repay the OPWC loan for road work on Broad Street.

Ross Street Fund – This fund receives special assessments to repay the OPWC loan for road work on Ross Street.

4. Capital Project Funds

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

Bond Construction Capital Project Fund – This fund received monies from the Ohio Public Works Commission to construct new streets.

5. 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:

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs. This fund paid debt for the sewer project. The funds were held at Darke County, who is the fiscal agent for the sewer activities.

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, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse a year end.

**VILLAGE OF ROSSBURG
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Non-spendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

**VILLAGE OF ROSSBURG
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS

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

	2013	2012
Demand deposits	\$49,049	\$58,410
Cash with Darke County	104,954	98,837
Total deposits	\$154,003	\$157,247

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

3. BUDGETARY ACTIVITY

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

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,500	\$25,917	(\$4,583)
Special Revenue	13,000	12,996	(4)
Debt Service	21,480	27,850	6,370
Enterprise	26,550	78,877	52,327
Total	\$91,530	\$145,640	\$54,110

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,196	\$33,089	\$107
Special Revenue	13,265	13,247	18
Debt Service	29,788	29,788	
Enterprise	112,999	72,760	40,239
Total	\$189,248	\$148,884	\$40,364

**VILLAGE OF ROSSBURG
DARKE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,000	\$30,483	(\$6,517)
Special Revenue	20,000	13,138	(6,862)
Debt Service	16,500	16,724	224
Capital Projects	20,000		(20,000)
Enterprise	13,275	68,009	54,734
Total	\$106,775	\$128,354	\$21,579

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$70,511	\$42,132	\$28,379
Special Revenue	57,247	1,961	55,286
Debt Service	28,636	14,271	14,365
Enterprise	26,550	52,720	(26,170)
Total	\$182,944	\$111,084	\$71,860

Contrary to Ohio Law, at December 31, 2013 the East Main Street Debt Fund and the Bond Construction Capital Projects Fund had deficit cash balances of \$12,243 and \$26,578 respectively.

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.

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

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

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
OWDA Loan - Sewer	\$345,146	0%
OPWC - Broad Street	\$41,445	0%
OPWC - Main	\$7,306	0%
Second National - East Main	28,200	5%
Total	\$422,097	

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. The Village will repay the loans in semiannual installments of \$13,275 paid from the Sewer Enterprise Fund. The Village has set utility rates sufficient to cover the OWDA debt requirements.

**VILLAGE OF ROSSBURG
DARKE COUNTY**

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

5. DEBT (Continued)

The Ohio Public Works commission (OPWC) loans relate to street construction projects for Broad Street and Main Street. The village will repay the Broad Street loan in semiannual installments of \$1,535 paid from the Debt Service Fund. The Village will repay the Main Street loan in semiannual installments of \$236 from the Debt Service Fund. The Village will repay the OPWC loans through special assessments.

The Second National Bank street improvement bond anticipation note relates to financing the East Main Street reconstruction project. The Village will repay the note through special assessments from the Debt Service Fund.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OWDA Loan	OPWC - Broad St.	OPWC – Main St.	Second National – E Main
2014	\$13,275	\$1,535	\$236	\$28,200
2015	26,550	3,070	471	
2016	26,550	3,070	471	
2017	26,550	3,070	471	
2018	26,550	3,070	471	
2019-2023	132,748	15,350	2,357	
2024-2029	92,923	12,280	2,829	
Total	<u>\$345,146</u>	<u>\$41,445</u>	<u>\$7,306</u>	<u>\$28,200</u>

6. RETIREMENT SYSTEMS

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

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

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. NONCOMPLIANCE

The Village failed to properly classify various transactions in its books and properly present its annual report as required by Ohio Revised Code Section 733.28.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Rossburg
Darke County
200 W. Main Street
PO Box 94
Rossburg, Ohio 45362

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Rossburg, Darke County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated September 22, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 through 2013-003.

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

September 22, 2014

VILLAGE OF ROSSBURG
DARKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision 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. 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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 the sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- A. "Then and Now" Certificate** - If the fiscal officer can certify that both at the time 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 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 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.
- B. Blanket Certificate** - Fiscal officers may prepare "blanket" certificates for a certain sum of money not to 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. 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.
- C. Super Blanket Certificate** – The Village may also make expenditures and contract 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. The certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 100% of expenditures examined.

**FINDING NUMBER 2013-001
(Continued)**

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, the Village should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, "then and now" certification should be used.

FINDING NUMBER 2013-002

NONCOMPLIANCE

Ohio Rev. Code Section 5705.10(I), states that monies paid into any fund shall be used only for the purpose such fund is established. The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund or funds carrying the deficit balance.

The Bond Construction Capital Project Fund had a negative cash fund balance for the entire audit period, January 1, 2012 through December 31, 2013, in the amount of \$26,578. While the East Main Street Debt Service Fund had a negative cash fund balance of \$12,243 at December 31, 2013 and \$8,493 at December 31, 2012.

The Village should develop and implement procedures to monitor fund cash balances and also consider the reduction of disbursements, if possible, to avoid negative balances. When expenditures are anticipated to temporarily exceed available resources, the Township should consider an advance from the General Fund or transfers should be made from the General fund for projects that have been completed and for which no revenues will be received in the future.

FINDING NUMBER 2013-003

NONCOMPLIANCE/MATERIALWEAKNESS

Ohio Rev. Code Section 733.28 states, in part, that the Village Clerk shall keep the books of the Village, exhibit accurate statements of all moneys received and expended, of all the property owned by the Village and the income derived there from, and of all taxes and assessments. Additionally, **Ohio Admin. Code Section 117-2-02(A)**, states, in part, that all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, and report the transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village's financial reports for 2013 and 2012 contained errors which resulted in reclassifications and adjustments to correctly report the financial activity during the period as follows:

**FINDING NUMBER 2013-003
(Continued)**

2013

- Special Assessment Revenues and Other Cash Disbursements in the Sewer Enterprise Fund amounting to \$39,824 were posted twice, overstating both revenues and expenditures.
- Contractual Services Disbursements amounting to \$9,744 in the Sewer Enterprise Fund were improperly recorded as Personal Services Disbursements.
- Other Financing Sources amounting to \$1,100 in the Debt Service Fund were improperly recorded as capital outlay disbursements.
- Restricted fund balance in the Debt Service Fund amounting to \$24,603 was improperly recorded as committed and unassigned fund balance.

2012

- Intergovernmental Revenues amounting to \$2,885 in the General Fund were incorrectly recorded as property tax revenues.
- Assigned fund balance in the General Fund amounting to \$2,696 was improperly recorded as unassigned fund balance.
- Fund balance in the Street Construction and Repair Special Revenue Fund was understated by \$473 and was overstated in Debt Service Fund by the same amount due to an audit adjustment made in 2011 that was not posted to the manual accounting ledgers and subsequent financial statements. These amounts have been reflected in the Village's manual accounting ledgers.
- Charges for Services revenues amounting to \$13,275 in the Sewer Enterprise Fund was improperly recorded as special assessments revenues.
- Beginning fund balance of \$83,548 in the Sewer Enterprise Fund was not included on the annual report.
- Principal payments amounting to \$26,550 in the Sewer Enterprise Fund were not included on the annual report.
- Contractual Services Disbursements amounting to \$6,672 in the Sewer Enterprise Fund were improperly recorded as Personal Services Disbursements.

In addition, the following immaterial error was noted and was not adjusted in the accompanying financial statements;

2013

- Intergovernmental Revenues amounting to \$1,267 in the General Fund were incorrectly recorded as property tax revenues.

The Village should develop and implemented procedures to verify accurate recordkeeping of all its activities. Failure to maintain complete accountability of public monies could increase the possibility of funds being altered, impaired, lost, or stolen. Additionally, independent detailed reviews should be performed over the Village's accounting records as a means of providing for their accuracy.

Official's Response:

Officials did not respond to these findings.

**VILLAGE OF ROSSBURG
DARKE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Ohio Rev. Code Section 733.28 – Failure to exhibit accurate statements of all monies received and expended.	No	Repeated as finding 2013-003
2011-02	Ohio Rev. Code Section 5705.10(H) – Deficit fund cash balances	No	Repeated as finding 2013-002
2011-03	Significant Deficiency – Lack of Monitoring of Village Financial Reports	Yes	



Dave Yost • Auditor of State

VILLAGE OF ROSSBURG

DARKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 16, 2014**