



Dave Yost • Auditor of State

VILLAGE OF PITSBURG
DARKE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Pittsburg
Darke County
P.O. Box 247
Pittsburg, Ohio 45358

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Pittsburg, Darke County, (the Village) as of and for the years ended December 31, 2014 and 2013.

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 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2014 and 2013, or changes in financial position 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 the Village of Pittsburg, Darke County, as of December 31, 2014 and 2013, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2015, 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 14, 2015

**VILLAGE OF PITTSBURG
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$20,755	\$16,231		\$36,986
Intergovernmental	23,004	28,563	\$85,000	136,567
Charges for Services	1,180	33,380		34,560
Fines, Licenses and Permits	4,758			4,758
Earnings on Investments	343			343
Miscellaneous	609	1,600	1	2,210
Total Cash Receipts	<u>50,649</u>	<u>79,774</u>	<u>85,001</u>	<u>215,424</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	15,178	27,805		42,983
Leisure Time Activities	7,438			7,438
Basic Utility Services	1,540			1,540
Transportation		49,930		49,930
General Government	35,235	691		35,926
Capital Outlay			85,000	85,000
Total Cash Disbursements	<u>59,391</u>	<u>78,426</u>	<u>85,000</u>	<u>222,817</u>
Net Change in Fund Cash Balances	(8,742)	1,348	1	(7,393)
Fund Cash Balances, January 1	<u>35,915</u>	<u>272,583</u>	<u>1,877</u>	<u>310,375</u>
Fund Cash Balances, December 31:				
Restricted		273,931	1,878	275,809
Assigned	27,172			27,172
Unassigned (Deficit)	1			1
Fund Cash Balances, December 31	<u>\$27,173</u>	<u>\$273,931</u>	<u>\$1,878</u>	<u>\$302,982</u>

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

**VILLAGE OF PITSBURG
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$76,767
Miscellaneous	231
Total Operating Cash Receipts	76,998
Operating Cash Disbursements:	
Personal Services	8,612
Employee Fringe Benefits	925
Contractual Services	83,607
Supplies and Materials	10,876
Total Operating Cash Disbursements	104,020
Operating Income (Loss)	(27,022)
Non-Operating Receipts (Disbursements):	
Special Assessments	130,841
Principal Retirement	(54,869)
Total Non-Operating Receipts (Disbursements)	75,972
Net Change in Fund Cash Balances	48,950
Fund Cash Balances, January 1	319,085
Fund Cash Balances, December 31	\$368,035

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

**VILLAGE OF PITSBURG
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**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$18,206	\$18,241		\$36,447
Intergovernmental	25,575	28,970		54,545
Charges for Services	830	21,821		22,651
Fines, Licenses and Permits	5,145			5,145
Earnings on Investments	321			321
Miscellaneous	1,777	400		2,177
Total Cash Receipts	<u>51,854</u>	<u>69,432</u>		<u>121,286</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	16,407	25,243		41,650
Leisure Time Activities	3,401			3,401
Basic Utility Services	2,468	32,755		35,223
General Government	44,262	442		44,704
Total Cash Disbursements	<u>66,538</u>	<u>58,440</u>		<u>124,978</u>
Net Change in Fund Cash Balances	(14,684)	10,992		(3,692)
Fund Cash Balances, January 1	<u>50,599</u>	<u>261,591</u>	<u>\$1,877</u>	<u>314,067</u>
Fund Cash Balances, December 31:				
Restricted		272,583	1,877	274,460
Assigned	34,281			34,281
Unassigned (Deficit)	1,634			1,634
Fund Cash Balances, December 31	<u>\$35,915</u>	<u>\$272,583</u>	<u>\$1,877</u>	<u>\$310,375</u>

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

**VILLAGE OF PITSBURG
DARKE COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$61,764
Miscellaneous	42
Total Operating Cash Receipts	61,806
Operating Cash Disbursements:	
Personal Services	3,289
Employee Fringe Benefits	336
Contractual Services	54,046
Supplies and Materials	22,225
Total Operating Cash Disbursements	79,896
Operating Income (Loss)	(18,090)
Non-Operating Receipts (Disbursements):	
Special Assessments	128,431
Principal Retirement	(53,250)
Interest and Other Fiscal Charges	(35)
Total Non-Operating Receipts (Disbursements)	75,146
Net Change in Fund Cash Balances	57,056
Fund Cash Balances, January 1	262,029
Fund Cash Balances, December 31	\$319,085

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

**VILLAGE OF PITSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Pittsburg, Darke County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, fire protection and rescue services. The Village contracts with the Darke County Sheriff's department to provide security of persons and property.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 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.

Storm Drain Fund - This fund receives property tax money for construction and maintenance of a drainage system in the Village.

**VILLAGE OF PITSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Department Fund – This fund receives revenue from adjoining municipalities to provide fire protection and rescue services for the Village and adjoining municipalities.

3. 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:

Capital Projects Fund – This fund receives proceeds to be used for the planning of a project.

4. 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.

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 for all funds for 2013, and, for 2014, at the fund, function level of control for General Fund, and at the fund level of control for all other funds, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. For 2013, encumbrances outstanding at year end are carried over, and need not be re-appropriated. For 2014, encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**VILLAGE OF PITSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**VILLAGE OF PITSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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:

	2014	2013
Demand deposits	\$665,017	\$623,460
Certificates of deposit	6,000	6,000
Total deposits	\$671,017	\$629,460

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,975	\$50,649	\$3,674
Special Revenue	166,935	79,774	(87,161)
Capital Projects	85,000	85,001	1
Enterprise	116,125	207,839	91,714
Total	\$415,035	\$423,263	\$8,228

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$81,981	\$59,391	\$22,590
Special Revenue	439,515	78,426	361,089
Capital Projects	86,877	85,000	1,877
Enterprise	435,170	158,889	276,281
Total	\$1,043,543	\$381,706	\$661,837

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,200	\$51,854	(\$18,346)
Special Revenue	73,637	69,432	(4,205)
Capital Projects			
Enterprise	209,930	190,237	(19,693)
Total	\$353,767	\$311,523	(\$42,244)

**VILLAGE OF PITSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,335	\$80,552	\$37,783
Special Revenue	124,510	67,187	57,323
Capital Projects	1,281	0	1,281
Enterprise	257,554	217,147	40,407
Total	\$501,680	\$364,886	\$136,794

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire fund by \$9,143 for the year ended December 31, 2013.

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, 2014 was as follows:

	Principal	Interest Rate
OWDA Loan 4196	\$538	2%
OWDA Loan 5273	1,131,469	0%
OPWC Loan CT19L	175,000	0%
Total	\$1,307,007	

The Ohio Water Development Authority (OWDA) and the Ohio Public Works Commission (OPWC) loans relate to a Sanitary Sewer Collection and Treatment project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,414,336 for loan 5273 to the Village for this project. The Village will repay the loans in semiannual installments of \$35,358 over 20 years. The OWDA will adjust scheduled payments to reflect any revisions in amounts the Village actually borrows. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

OWDA loan 4196 was a planning loan that is being paid in annual installments of \$538 plus interest and is scheduled to be repaid in December 2015.

The OPWC loan CT19L was approved and borrowed at \$200,000 for the Wastewater Treatment plant project. The Village will repay this loan in semiannual installments of \$5,000 for a period of 20 years. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF PITSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	OWDA Loan 4196	OWDA Loan 5273	OPWC Loan CT19L
2015	\$549	\$35,358	\$10,000
2016		70,717	10,000
2017		70,717	10,000
2018		70,717	10,000
2019		70,717	10,000
2020-2024		353,584	50,000
2025-2029		353,584	50,000
2030-2032		106,075	25,000
Total	<u>\$549</u>	<u>\$1,131,469</u>	<u>\$175,000</u>

6. RETIREMENT SYSTEMS

The Village administrative employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. 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 2014 and 2013, OPERS members contributed 10% 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, 2014.

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. 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.

9. RELATED PARTY TRANSACTIONS

Denise Morris, wife of council member Brian Morris, now deceased, was paid \$780 in 2013 and \$300 in 2014 for cleaning the Village Hall. Zachary Diver, son of council members LaDeana Diver and Frank Diver, was paid \$300 in 2014 for cleaning the Village Hall.



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 Pittsburg
Darke County
P.O. Box 247
Pittsburg, Ohio 45358

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 Pittsburg, Darke County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated September 14, 2015 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 2014-001 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

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 "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

September 14, 2015

VILLAGE OF PITSBURG
DARKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-001

NONCOMPLIANCE / MATERIAL WEAKNESS

Ohio Rev. Code Section 733.28 requires the Village Clerk to 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 Fiscal Officer did not input information (such as budgetary amendments, receipts, or disbursements) into the Village's accounting system (Uniform Accounting Network) for the last 5 months of 2013. This created inaccurate reports within the accounting system balances for the 2013 year. Additionally, 2013 postings related to debt principal and interest lines in the UAN system were not done properly. There was interest located in the Principal line and principal in the Interest line. The Fiscal Officer rolled these amounts to the proper line item in the financial statements, however.

The Village's financial reports for 2013 and 2014 contained errors which resulted in reclassifications and adjustments to correctly report the financial activity during the period as follows:

- Cable Franchise Fees in the General Fund, consisting of \$5,145 for 2013 and \$4,758 for 2014, were improperly classified as miscellaneous revenue instead of licenses, fees, and permits. This amount was material to the financial statements and was adjusted.
- An OPWC receipt in the Street Fund totaling \$5,700 in 2014 was improperly classified as miscellaneous revenue instead of intergovernmental revenue. This amount was material to the financial statements and was adjusted.
- Reimbursements of personal property tax, utility tax, homestead, and rollback revenues for 2014 were improperly classified as property tax revenues instead of intergovernmental revenues. The total amount for General Fund was \$1,971, and was not material or adjusted. The total amount for Special Revenue Funds was \$2,016. The Special Revenue amount, when combined with the amount listed below, was material for 2014 to the financial statements and adjustments were made.
- Motor license tax revenues for the Street Fund of \$2,559 for 2013 and \$3,174 for 2014 were improperly classified as property tax revenue instead of intergovernmental. The 2013 amount was not material and was not adjusted. The amount for 2014 was material and was adjusted.
- Special Assessment revenues for the Sewer Fund for 2014, totaling \$130,841, were improperly classified as intergovernmental and other financing sources revenues instead of special assessments. Delinquent revenue amounts for the Sewer Fund for 2014, totaling \$657, were also improperly classified as other financing sources instead of charges for services revenues. These amounts were material to the financial statements and were adjusted.
- A Principal retirement payment for the Sewer Fund for 2014, totaling \$5,000, was improperly classified as Interest and Other Fiscal Charges. Another Principal retirement payment for the Sewer Fund for 2014, totaling \$5,000, was improperly classified as Contractual Services. The amounts were material to the financial statements and were adjusted.

**FINDING NUMBER 2014-001
(Continued)**

- Principal and interest payments for OPWC Loan #4196 were made improperly from the Sewer Fund for 2013 and 2014. These should be made from the General Fund. The amounts for 2013 totaled \$538 (Principal) and \$35 (Interest) and for 2014 totaled \$538 (Principal) and \$23 (Interest). These amounts were not material and were not adjusted.
- Due to the implementation and adoption of Governmental Accounting Standards Board Statement No. 54 as noted in the prior audit report, the Village's Debt Service Fund was improperly classified, as noted in the prior audit, and all financial activity in the fund was adjusted to be reported as a Special Revenue Fund in 2013 and 2014.

Adjustments and reclassifications to correct the errors above are reflected in the accompanying financial statements as noted above. Additionally, there were insignificant revenue and expenditures reclassifications that were identified that were not adjusted or reflected in the accompanying financial statements.

The Village should develop and implement procedures to verify accurate record keeping of all its activities and to improve the accuracy and completeness of the Village's financial statements and to provide comparative financial statements from year to year. The posting of receipts should be performed consistently with the instructions contained in the Ohio Village Officers Handbook and the Uniform Accounting Network (UAN) Chart of Accounts. 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:

We did not receive a response from officials to this finding.

**VILLAGE OF PITSBURG
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Rev. Code Section 5705.41(D) – Prior Certification	No	Repeated in Management Letter
2012-002	Ohio Rev. Code Section 733.28 and Ohio Admin. Code Section 117-2-02(A) – Proper recordkeeping and financial statement presentation	No	Repeated as Finding 2014-001
2012-003	Ohio Rev. Code Section 5705.41(B) – Expenditures Exceeded Appropriations	No	Repeated in Management Letter

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Dave Yost • Auditor of State

VILLAGE OF PITSBURG

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
NOVEMBER 5, 2015**