



**Auditor of State
Betty Montgomery**

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Rocky Ridge
Ottawa County
14571 West Second Street
P.O. Box 218
Rocky Ridge, Ohio 43458-0218

To the Village Council:

We have audited the accompanying financial statements of the Village of Rocky Ridge, Ottawa County, (the Village) as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Village's financial transactions were processed using the Auditor of State's uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 10, 2004

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 7,953	\$ 16,181	\$ 24,134
Special Assessments	-	3,569	3,569
Intergovernmental Receipts	17,856	28,956	46,812
Charges for Services	1,770	15,892	17,662
Fines, Licenses, and Permits	1,434	1,010	2,444
Earnings on Investments	19	87	106
Miscellaneous	1,048	2,524	3,572
	<u>30,080</u>	<u>68,219</u>	<u>98,299</u>
Total Cash Receipts			
	<u>30,080</u>	<u>68,219</u>	<u>98,299</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	13,238	33,186	46,424
Public Health Services	618	-	618
Community Environment	300	764	1,064
Basic Utility Services	7,705	-	7,705
Transportation	-	34,677	34,677
General Government	17,165	439	17,604
	<u>39,026</u>	<u>69,066</u>	<u>108,092</u>
Total Cash Disbursements			
	<u>39,026</u>	<u>69,066</u>	<u>108,092</u>
Total Disbursements Over Receipts	(8,946)	(847)	(9,793)
Fund Cash Balances, January 1	<u>3,335</u>	<u>28,541</u>	<u>31,876</u>
Fund Cash Balances, December 31	<u><u>\$ (5,611)</u></u>	<u><u>\$ 27,694</u></u>	<u><u>\$ 22,083</u></u>
Reserves for Encumbrances, December 31	<u><u>\$ -</u></u>	<u><u>\$ 1,740</u></u>	<u><u>\$ 1,740</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 6,603	\$ 13,621	\$ 20,224
Special Assessments	-	1,076	1,076
Intergovernmental Receipts	26,499	38,070	64,569
Charges for Services	1,824	13,042	14,866
Fines, Licenses, and Permits	5,971	540	6,511
Earnings on Investments	198	444	642
Miscellaneous	1,772	882	2,654
	<u>42,867</u>	<u>67,675</u>	<u>110,542</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	17,913	30,883	48,796
Public Health Services	601	-	601
Leisure Time Activities	155	-	155
Community Environment	300	681	981
Basic Utility Services	3,730	-	3,730
Transportation	-	57,911	57,911
General Government	20,539	9,338	29,877
Capital Outlay	4,334	11,429	15,763
	<u>47,572</u>	<u>110,242</u>	<u>157,814</u>
Total Cash Disbursements			
Total Disbursements Over Receipts	<u>(4,705)</u>	<u>(42,567)</u>	<u>(47,272)</u>
Other Financing Receipts and (Disbursements):			
Sale of Fixed Assets	2,000	-	2,000
Transfers-In	-	5,427	5,427
Transfers-Out	<u>(5,427)</u>	<u>-</u>	<u>(5,427)</u>
Total Other Financing Receipts/(Disbursements)	<u>(3,427)</u>	<u>5,427</u>	<u>2,000</u>
Excess of Cash Disbursements and Other Disbursements Over Cash Receipts and Other Financing Receipts	(8,132)	(37,140)	(45,272)
Fund Cash Balances, January 1	<u>11,467</u>	<u>65,681</u>	<u>77,148</u>
Fund Cash Balances, December 31	<u>\$ 3,335</u>	<u>\$ 28,541</u>	<u>\$ 31,876</u>
Reserves for Encumbrances, December 31	<u>\$ 59</u>	<u>\$ 1,373</u>	<u>\$ 1,432</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Rocky Ridge, Ottawa County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general services, police, and fire services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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:

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Fire Levy Fund -This fund receives tax revenue for fire protection.

Permissive Motor Vehicle License Fund – This fund receives motor vehicle license fees levied by Council to be expended for constructing, maintaining, and repairing Village streets.

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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 21,026	\$ 30,830
STAR Ohio	<u>1,057</u>	<u>1,046</u>
Total deposits and investments	<u><u>\$ 22,083</u></u>	<u><u>\$ 31,876</u></u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 35,810	\$ 30,080	\$ (5,730)
Special Revenue	55,852	68,219	12,367
Total	<u>\$ 91,662</u>	<u>\$ 98,299</u>	<u>\$ 6,637</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 36,906	\$ 39,026	\$ (2,120)
Special Revenue	65,611	70,806	(5,195)
Total	<u>\$ 102,517</u>	<u>\$ 109,832</u>	<u>\$ (7,315)</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 27,345	\$ 44,867	\$ 17,522
Special Revenue	51,935	73,102	21,167
Total	<u>\$ 79,280</u>	<u>\$ 117,969</u>	<u>\$ 38,689</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 38,387	\$ 53,058	\$ (14,671)
Special Revenue	88,091	111,615	(23,524)
Total	<u>\$ 126,478</u>	<u>\$ 164,673</u>	<u>\$ (38,195)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$2,120 and \$14,671, the Street Construction, Maintenance, and Repair fund by \$4,702 and \$5,016, the Permissive Motor Vehicle License fund by \$1,828 and \$15,325, and the Fire Levy fund by \$5,765 and \$9,090 for the years ended December 31, 2003 and 2002 respectively.

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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

Also contrary to Ohio law, at December 31, 2003, the following funds had cash deficit balances: General fund \$5,611, the Federal Grants fund \$3,645, and the Street Construction Maintenance and Repair fund \$1,928.

Transfers from General Fund to several special revenue funds were made in 2002, but were not approved by the Village Council as required by Ohio law.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

5. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

Several elected officials of the Village have elected Social Security. The Council's liability is 6.2 percent of wages paid.

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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

6. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2003 and 2002.

Casualty Coverage	2003	2002
Assets	\$ 25,288,098	\$ 20,174,977
Liabilities	(12,872,985)	(8,550,749)
Retained Earnings	\$ 12,415,113	\$ 11,624,228
Property Coverage	2003	2002
Assets	\$ 3,158,813	\$ 2,565,408
Liabilities	(792,061)	(655,318)
Retained Earnings	\$ 2,366,752	\$ 1,910,090

7. NEGATIVE FISCAL CONDITION

As of December 31, 2003, the Village has a deficit balance in the general fund in the amount of \$5,611. The Village placed an operating levy on the November 2, 2004 ballot which was defeated by Village voters. The Village Council is currently discussing ways to eliminate the deficit.

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**Auditor of State
Betty Montgomery**

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

Village of Rocky Ridge
Ottawa County
14571 West Second Street
P.O. Box 218
Rocky Ridge, Ohio 43458-0218

To the Village Council:

We have audited the accompanying financial statements of the Village of Rocky Ridge, Ottawa County, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated November 10, 2004 wherein we noted that the Village's financial transactions were processed using the Auditor of State's uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 through 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to the Village's management in a separate letter dated November 10, 2004.

Internal Control over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Village's management in a separate letter dated November 10, 2004.

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



Betty Montgomery
Auditor of State

November 10, 2004

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Revised Code § 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. In 2003 and 2002, the Village had disbursements that exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Year 2003			
General	\$ 36,906	\$ 39,026	\$ (2,120)
Street Construction, Maintenance, and Repair	17,462	22,164	(4,702)
Permissive Motor Vehicle License	10,815	12,643	(1,828)
Fire Levy	22,645	28,410	(5,765)
Year 2002			
General	38,387	53,058	(14,671)
Street Construction, Maintenance, and Repair	29,429	34,445	(5,016)
Permissive Motor Vehicle License	24,329	39,654	(15,325)
Fire Levy	21,338	30,428	(9,090)

The failure to limit expenditures to amounts appropriated may result in expenditures exceeding available resources. The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Revised Code § 5705.10 requires money paid into a fund must be used only for the purposes for which such fund has been established. A negative fund balance indicates money from one fund was used to cover the expenses of another fund. The following funds had deficit fund balances at December 31, 2003:

FINDING NUMBER 2003-002
(Continued)

General Fund	\$ (5,611)
Federal Grants Fund	\$ (3,645)
Street Construction, Maintenance, and Repair	\$ (1,928)

Fund balances should be monitored and planned expenditures reduced to avoid fund cash balances. The Clerk should not certify payment requests unless sufficient cash is available or in the process of collection to pay the obligation.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Revised Code § 5705.14 indicates that money may be transferred from the general fund to any other fund of the subdivision by resolution passed by a majority of the taxing authority. In 2002 the Village transferred money from the General fund (\$5,427) to Street Construction, Maintenance and Repair Fund (\$650); Federal Grant (\$10); and Police Levy (\$4,767), but the transfers were not approved in the minutes or by resolution passed by Village Council authorizing the transactions. The failure to properly approve transfers could allow funds to be transferred contrary to the intent of Council and also could permit funds to be expended contrary to law. Village Council should retroactively approve these transfers by resolution, or should require the Clerk to reverse the transfers.

FINDING NUMBER 2003-004

Reportable Condition - Recordkeeping

The Clerk was several months behind in posting revenue and expenditures to the ledgers and several months behind in reconciling the book balance to the bank balance during the audit period. The Clerk used the Auditor of State's Uniform Accounting System (UAN) for all 2002 transactions and until August 2003, when UAN was abandoned and the transactions were recorded manually.

Several local government receipts received during the audit period were recorded as revenue prior to receiving the cash. The physical cash was not received until the next month or later which resulted in an improper reconciling item on the bank reconciliation and an overstatement of assets. At the end of 2003 the Clerk corrected this matter.

FINDING NUMBER 2003-004
(Continued)

There were also numerous small reconciling items on the bank reconciliation that continued from month to month.

To prevent asset loss or misappropriation and to reflect accurate cash receipts and balances, we recommend:

- The Clerk should keep current on posting receipts and expenditures and reconciling the bank statement.
- As a monitoring tool, Council should receive and review monthly financial statements that include budget to actual revenue and expenditure information and bank reconciliations along with support for reconciling items.
- Unsupported reconciling items appearing on bank reconciliations should be investigated and corrected immediately so these types of reconciling items are not carried month to month.
- Someone independent of the Clerk should review the monthly bank reconciliations on an intermittent basis and trace reconciliations to supporting documents and indicate his/her review.
- The Clerk should consider attending training courses offered by the Auditor of State to improve her skills and understanding of the Uniform Accounting Network system.

**VILLAGE OF ROCKY RIDGE
OTTAWA COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-30162-001	Ohio Revise Code § 5705.41(B) - Disbursements exceeding appropriations	No	Not corrected. Reissued as Finding 2003-001.
2001-30162-002	Ohio Revise Code § 135.12 - Designation of depositories	Yes	
2001-30162-003	Recordkeeping - Accurate records were not maintained.	No	Not corrected. Reissued as Finding 2003-004.



**Auditor of State
Betty Montgomery**

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VILLAGE OF ROCKY RIDGE

OTTAWA 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
DECEMBER 14, 2004**