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# PERRY & Associates

Certified Public Accountants, A.C.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY  
Regular Audit  
For the Years Ended December 31, 2016 and 2015**

[www.perrycpas.com](http://www.perrycpas.com)

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Village Council  
Village of New Straitsville  
114 West Main Street  
New Straitsville, Ohio 43766

We have reviewed the *Independent Auditor's Report* of the Village of New Straitsville, Perry County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of New Straitsville is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

November 21, 2017

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VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

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## INDEPENDENT AUDITOR'S REPORT

October 10, 2017

Village of New Straitsville  
Perry County  
114 West Main Street  
New Straitsville, Ohio 43766

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of the **Village of New Straitsville**, Perry County (the Village) as of and for the years ended December 31, 2016 and 2015.

### ***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 opinions.



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

As described in Note 2 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, 2016 and 2015, 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 the Village of New Straitsville, Perry County as of December 31, 2016 and 2015, 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 2.

***Emphasis of Matter***

The accompanying financial statements have been prepared assuming the Village will continue as a going concern. As discussed in Notes 13 and 14 to the financial statements, the Village is suffering recurring net losses and has several deficit fund balances as of December 31, 2016 and 2015. These conditions raise substantial doubt about the Village's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017, 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.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 24,974	\$ 45,195	\$ 70,169
Intergovernmental	24,015	31,957	55,972
Charges for Services	69	26,149	26,218
Fines, Licenses and Permits	7,727	900	8,627
Miscellaneous	1,939	8,496	10,435
	<b>58,724</b>	<b>112,697</b>	<b>171,421</b>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	-	52,084	52,084
Leisure Time Activities	-	4,129	4,129
Basic Utility Services	-	191	191
Transportation	-	25,942	25,942
General Government	48,090	12,234	60,324
Capital Outlay	-	7,400	7,400
Debt Service:			
Principal Retirement	-	3,310	3,310
Interest and Fiscal Charges	-	691	691
	<b>48,090</b>	<b>105,981</b>	<b>154,071</b>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over Disbursements</i>	<b>10,634</b>	<b>6,716</b>	<b>17,350</b>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	-	7,400	7,400
Sale of Capital Assets	-	10	10
	<b>-</b>	<b>7,410</b>	<b>7,410</b>
<i>Total Other Financing Receipts</i>			
<i>Net Change in Fund Cash Balances</i>	<b>10,634</b>	<b>14,126</b>	<b>24,760</b>
<i>Fund Cash Balances, January 1</i>	<b>(1,247)</b>	<b>61,161</b>	<b>59,914</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	103,906	103,906
Unassigned (Deficit)	9,387	(28,619)	(19,232)
	<b>\$ 9,387</b>	<b>\$ 75,287</b>	<b>\$ 84,674</b>
<i>Fund Cash Balances, December 31</i>			

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 342,695	\$ -	\$ 342,695
<i>Total Operating Cash Receipts</i>	<u>342,695</u>	<u>-</u>	<u>342,695</u>
<b>Operating Cash Disbursements</b>			
Personal Services	49,810	-	49,810
Employee Fringe Benefits	8,664	-	8,664
Contractual Services	173,000	-	173,000
Supplies and Materials	16,415	-	16,415
Other	1,658	-	1,658
<i>Total Operating Cash Disbursements</i>	<u>249,547</u>	<u>-</u>	<u>249,547</u>
<i>Operating Income</i>	<u>93,148</u>	<u>-</u>	<u>93,148</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	52,235	-	52,235
Other Debt Proceeds	55,362	-	55,362
Miscellaneous Receipts	8,435	-	8,435
Capital Outlay	(56,328)	-	(56,328)
Principal Retirement	(52,897)	-	(52,897)
Interest and Other Fiscal Charges	(50,404)	-	(50,404)
Other Non-Operating Cash Receipts	-	11,942	11,942
Other Non-Operating Cash Disbursements	-	(12,007)	(12,007)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(43,597)</u>	<u>(65)</u>	<u>(43,662)</u>
<i>Income before Transfers</i>	49,551	(65)	49,486
Transfers In	79,900	-	79,900
Transfers Out	(79,900)	-	(79,900)
<i>Net Change in Fund Cash Balances</i>	49,551	(65)	49,486
<i>Fund Cash Balances, January 1</i>	<u>40,377</u>	<u>300</u>	<u>40,677</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 89,928</u>	<u>\$ 235</u>	<u>\$ 90,163</u>

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 1 – Reporting Entity**

The Village of New Straitsville (the Village), Perry County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, street maintenance and repair, water and sewer utilities, park operations, police, fire and emergency medical services.

The Village is also affiliated with the Coal Township Union Cemetery. The Village of New Straitsville and Coal Township appoint the Board of Trustees of the Union Cemetery. Taxes levied by the Village for cemetery maintenance area collected by Perry County, and distributed to the Union Cemetery. The Union Cemetery is a legally separate entity that prepares and files its own financial statements. The financial activity of the Union Cemetery is not included in the accompanying financial statements. The Auditor of State performs independent audits of the Union Cemetery.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”).

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**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.

Fire Department Fund – This fund receives property tax money and contracted services revenue to provide fire protection and maintain fire equipment.

Police Fund – This fund receives property tax money to provide police protection.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Continued)**

***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 Funds:

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Payment Fund – This fund receives transfers from the Sewer Fund to pay annual debt payments to USDA Rural Development.

***Fiduciary Funds***

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court fines and forfeitures. The Village's Mayor's Court was inactive May 2016 – December 2016.

***Basis of Accounting***

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.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***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 at year end.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Budgetary Process (Continued)***

***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.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village maintains all funds in a local checking account.

***Capital Assets***

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

***Accumulated Leave***

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

***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:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***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.

***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.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

***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.

**Note 3 – Compliance**

Contrary to Ohio law, appropriations exceeded estimated resources in the Delyn Community Center Fund in 2016.

Contrary to Ohio law, expenditures exceeded appropriations in the Street Construction Maintenance and Repair Fund, Water Operating Fund, Sewer Operating Fund, Sewer Payment Fund and Sewer Reserve Fund in 2016.

Contrary to Ohio law, the Street Construction Maintenance and Repair Fund, Recreation Fund, Police Fund, and Water Operating Fund had deficit fund balances as of December 31, 2016.

Contrary to Ohio law, certification of availability of unencumbered appropriations for expenditure was not obtained for expenditures in 2016.

**Note 4 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 51,273	\$ 58,724	\$ 7,451
Special Revenue	209,751	120,107	(89,644)
Enterprise	520,293	538,627	18,334
Total	\$ 781,317	\$ 717,458	\$ (63,859)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 50,000	\$ 48,090	\$ 1,910
Special Revenue	171,700	105,981	65,719
Enterprise	350,000	489,076	(139,076)
Total	\$ 571,700	\$ 643,147	\$ (71,447)

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 5 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2016 was as follows:

Demand deposits	\$ 174,837
Total deposits	<u>\$ 174,837</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**Note 6 – Taxes**

***Property Taxes***

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.

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

**Note 7 – Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.



VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)

**Note 7 – Risk Management (Continued)**

***Risk Pool Membership (Continued)***

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

**Note 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 10 - Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sewer System Mortgage Bond #92-01	\$ 1,095,000	3.25%
Sewer System Mortgage Bond #92-03	222,000	3.25%
OWDA (#3939) - Elevated Storage Tank	101,533	3.25%
Peoples National Bank - Truck Loan	2,184	3.45%
OWDA (#6246) - Waterline & Meter Replacement	343,859	3.45%
OWDA (#6284) - Generator Installation	19,098	1.50%
OPWC #CR04C - Water Storage Tank Replacement	6,357	2.00%
OWDA (#7308) Waterline Replacement Phase 2	37,031	1.28%
Peoples National Bank - Polaris Ranger	18,556	5.00%
Total	<u>\$ 1,845,618</u>	

The sewer system mortgage revenue bonds were issued in 1999 to refund sewer system temporary revenue bonds that were issued in 1997 as interim financing for the sewer system construction project. The Village has pledged sewer system revenue to pay the mortgage revenue bonds. Payments are made from the Sewer Payment Fund.

The OWDA Elevated Storage Tank loan was issued in August of 2003 with semi-annual payments of \$3,394 from the Water Fund and was for the purpose of constructing an elevated storage tank.

The Village entered into a loan agreement in April 2011 with Peoples National Bank for the purchase of a truck with monthly payments of \$550. The truck collateralized the loan. Payments are made from the Street Construction Maintenance and Repair Fund, Water Fund and Sewer Fund.

The OWDA Waterline & Meter Replacement loan relates to the Village's waterline & meter replacement project was issued in 2014. This loan is payable from the Water Fund with semi-annual payments of \$8,159.

The OWDA Generator Installation loan was issued in 2012 and relates to the waterline & meter replacement project with semi-annual payments of \$438 payable from the Water Fund.

The OPWC loan was issued in 2004 and relates to a water storage tank replacement with semi-annual payments of \$487 payable from the Water Fund.

The OWDA Waterline Replacement Phase 2 loan relates to a new waterline project that began in 2016. The project and loan is still outstanding as of December 31, 2016, therefore an amortization schedule and repayment terms are not available.

The Village entered into a loan agreement in January 2016 for the purchase of a Polaris Ranger with monthly payments of \$419 for 5 years. The Ranger collateralized the loan. Payments are made from the Street Construction Maintenance and Repair, Water and Sewer Funds.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 10 – Debt (Continued)**

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

Year ending December 31:	Sewer Bonds	OWDA #3939	Truck Loan	OWDA #6246	OWDA #6284	OPWC CR04C	Ranger Loan
2017	\$ 82,162	\$ 6,788	\$ 2,184	\$ 16,318	\$ 876	\$ 974	\$ 5,028
2018	82,162	6,788	-	16,318	876	974	5,028
2019	82,162	6,788	-	16,318	876	974	5,028
2020	82,162	6,788	-	16,318	876	974	5,028
2021	82,162	6,788	-	16,318	876	974	-
2022-2026	410,810	33,940	-	81,590	4,380	2,922	-
2027-2031	410,810	33,940	-	81,590	4,380	-	-
2032-2036	410,810	13,576	-	81,590	4,380	-	-
2037-2041	164,324	-	-	81,590	4,380	-	-
2042-2046	-	-	-	40,795	1,314	-	-
Total	<u>\$ 1,807,564</u>	<u>\$ 115,396</u>	<u>\$ 2,184</u>	<u>\$ 448,745</u>	<u>\$ 23,214</u>	<u>\$ 7,792</u>	<u>\$ 20,112</u>

**Note 11 - Transfers**

During 2016, the following transfers were made:

	Transfers - In	Transfers - Out
Sewer Fund	61,000	(18,900)
Sewer Payment Fund	18,900	
Sewer Reserve	-	(61,000)
	<u>\$ 79,900</u>	<u>\$ (79,900)</u>

The Village transferred \$700 per month from the Sewer Fund to the Sewer Payment Fund per their agreement with USDA January - July. The Village transferred \$7,000 each in June and July from the Sewer Fund to the Sewer Payment Fund to build reserves for their annual debt payments to USDA. The Village transferred \$61,000 from the Sewer Reserve to the Sewer Fund with approval from USDA Rural Development to make their annual debt payment. Transfers were deemed allowable and in compliance with Ohio Revised Code.

**Note 12 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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.

**Note 13 – Deficit Fund Balances**

The Village had deficit fund balances of \$18,016 in the Street Construction Maintenance and Repair Fund, \$1,447 in the Recreation Fund, \$9,156 in the Police Fund, and \$13,526 in the Water Operating Fund as of December 31, 2016.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 14 – Going Concern**

The Village expenses have exceeded revenues for the past several years.

While the Village is in a positive cash balance position overall, a significant portion of the cash is in the Special Revenue Fire Fund and the Proprietary Sewer Operating Fund. The use of these funds is limited either by statute, levy ballot language or debt covenant agreement and therefore, the Village is not permitted to use these monies to remedy the deficit balances.

Based on information currently available, the Village has begun a long-term plan to reduce losses in the Water Operating Fund. A recent levy has been passed that will help increase revenue for the Street Repair and Maintenance Fund. The Recreation Fund has been absorbed into the Parks Fund, which is solvent, with stricter guidelines on acceptable expenditures. The Village Council is also looking into new and enforcing policies regarding expenditure, internal controls, vendor selection, grants, outstanding receivables reviews, etc.

The Auditor of State has various remedies available to it, the most severe of which include placing the Village on fiscal watch or fiscal emergency. The Village does not know if such action will be taken.

The accompanying financial statements do not include any adjustments that might be necessary if the Village is unable to continue as a going concern.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 19,584	\$ 44,288	\$ 63,872
Intergovernmental	28,275	32,035	60,310
Charges for Services	-	37,056	37,056
Fines, Licenses and Permits	35,857	3,681	39,538
Miscellaneous	456	5,069	5,525
	<u>84,172</u>	<u>122,129</u>	<u>206,301</u>
<i>Total Cash Receipts</i>			
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	-	117,725	117,725
Leisure Time Activities	-	9,303	9,303
Basic Utility Services	-	457	457
Transportation	-	21,108	21,108
General Government	60,378	12,944	73,322
Debt Service:			
Principal Retirement	1,557	5,179	6,736
Interest and Fiscal Charges	32	201	233
	<u>61,967</u>	<u>166,917</u>	<u>228,884</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>22,205</u>	<u>(44,788)</u>	<u>(22,583)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	-	1,486	1,486
Transfers In	-	28,376	28,376
Transfers Out	(28,376)	-	(28,376)
	<u>(28,376)</u>	<u>29,862</u>	<u>1,486</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	(6,171)	(14,926)	(21,097)
<i>Fund Cash Balances, January 1</i>	<u>4,924</u>	<u>76,087</u>	<u>81,011</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	87,083	87,083
Unassigned (Deficit)	(1,247)	(25,922)	(27,169)
	<u>(1,247)</u>	<u>(25,922)</u>	<u>(27,169)</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ (1,247)</u>	<u>\$ 61,161</u>	<u>\$ 59,914</u>

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 347,984	\$ -	\$ 347,984
<i>Total Operating Cash Receipts</i>	<u>347,984</u>	<u>-</u>	<u>347,984</u>
<b>Operating Cash Disbursements</b>			
Personal Services	70,972	-	70,972
Employee Fringe Benefits	15,151	-	15,151
Contractual Services	129,130	-	129,130
Supplies and Materials	39,481	-	39,481
Other	13	-	13
<i>Total Operating Cash Disbursements</i>	<u>254,747</u>	<u>-</u>	<u>254,747</u>
<i>Operating Income</i>	<u>93,237</u>	<u>-</u>	<u>93,237</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	5,194	-	5,194
Other Debt Proceeds	80,933	-	80,933
Miscellaneous Receipts	1,888	-	1,888
Capital Outlay	(76,147)	-	(76,147)
Principal Retirement	(69,417)	-	(69,417)
Interest and Other Fiscal Charges	(58,353)	-	(58,353)
Other Non-Operating Cash Receipts	-	51,988	51,988
Other Non-Operating Cash Disbursements	-	(51,688)	(51,688)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(115,902)</u>	<u>300</u>	<u>(115,602)</u>
<i>Income before Capital Contributions and Transfers</i>	<u>(22,665)</u>	<u>300</u>	<u>(22,365)</u>
Transfers In	9,852	-	9,852
Transfers Out	(9,852)	-	(9,852)
<i>Net Change in Fund Cash Balances</i>	<u>(22,665)</u>	<u>300</u>	<u>(22,365)</u>
<i>Fund Cash Balances, January 1</i>	<u>63,042</u>	<u>-</u>	<u>63,042</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 40,377</u>	<u>\$ 300</u>	<u>\$ 40,677</u>

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 1 – Reporting Entity**

The Village of New Straitsville (the Village), Perry County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, street maintenance and repair, water and sewer utilities, park operations, police, fire and emergency medical services.

The Village is also affiliated with the Coal Township Union Cemetery. The Village of New Straitsville and Coal Township appoint the Board of Trustees of the Union Cemetery. Taxes levied by the Village for cemetery maintenance area collected by Perry County, and distributed to the Union Cemetery. The Union Cemetery is a legally separate entity that prepares and files its own financial statements. The financial activity of the Union Cemetery is not included in the accompanying financial statements. The Auditor of State performs independent audits of the Union Cemetery.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”).

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**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.

Fire Department Fund – This fund receives property tax money and contracted services revenue to provide fire protection and maintain fire equipment.

Police Fund – This fund receives property tax money to provide police protection.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fund Accounting (Continued)**

***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 Funds:

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Payment Fund – This fund receives transfers from the Sewer Fund to pay annual debt payments to USDA Rural Development.

***Fiduciary Funds***

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court fines and forfeitures.

***Basis of Accounting***

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.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

***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 at year end.



**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Budgetary Process (Continued)***

***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.

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village maintains all funds in a local checking account.

***Capital Assets***

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

***Accumulated Leave***

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

***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:

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***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.

***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.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

***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.

**Note 3 – Compliance**

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund, Street Construction Maintenance and Repair Fund, State Highway Fund, Delyn Community Center Fund, Water Construction Fund and Sewer Operating Fund in 2015.

Contrary to Ohio law, expenditures exceeded appropriations in the General Fund, Street Construction Maintenance and Repair Fund, Police Fund, Water Operating Fund, Water Construction Fund and Sewer Operating Fund in 2015.

Contrary to Ohio law, the General Fund, Street Construction Maintenance and Repair Fund, Delyn Community Center Fund, Police Fund, Water Operating Fund and Sewer Operating Funds had deficit fund balances as of December 31, 2015.

Contrary to Ohio law, certification of availability of unencumbered appropriations for expenditure was not obtained for expenditures in 2015.

**Note 4 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 49,510	\$ 84,172	\$ 34,662
Special Revenue	131,291	151,991	20,700
Enterprise	374,000	445,851	71,851
Total	\$ 554,801	\$ 682,014	\$ 127,213

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 55,785	\$ 90,343	\$ (34,558)
Special Revenue	206,545	166,917	39,628
Enterprise	419,174	468,516	(49,342)
Total	\$ 681,504	\$ 725,776	\$ (44,272)

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 5 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2015 was as follows:

Demand deposits	\$ 100,591
Total deposits	<u>\$ 100,591</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**Note 6 – Taxes**

***Property Taxes***

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.

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

**Note 7 – Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 members as of December 31, 2015.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**Note 7 – Risk Management (Continued)**

***Risk Pool Membership (Continued)***

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015.

	<u>2015</u>
Assets	\$14,643,667
Liabilities	<u>(9,112,030)</u>
Members' Equity	<u>\$5,531,637</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. 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, 2015.

**Note 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 10 - Debt**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sewer System Mortgage Bond #92-01	\$ 1,127,000	3.25%
Sewer System Mortgage Bond #92-03	228,000	3.25%
OWDA (#3939) - Elevated Storage Tank	106,740	3.25%
Peoples National Bank - Truck Loan	8,587	3.45%
OWDA (#6246) - Waterline & Meter Replacement	341,462	3.45%
OWDA (#6284) - Generator Installation	19,682	1.50%
OPWC #CR04C - Water Storage Tank Replacement	7,592	2.00%
Total	<u>\$ 1,839,063</u>	

The sewer system mortgage revenue bonds were issued in 1999 to refund sewer system temporary revenue bonds that were issued in 1997 as interim financing for the sewer system construction project. The Village has pledged sewer system revenue to pay the mortgage revenue bonds. Payments are made from the Sewer Payment Fund.

The OWDA Elevated Storage Tank loan was issued in August of 2003 with semi-annual payments of \$3,394 from the Water Fund and was for the purpose of constructing an elevated storage tank.

The backhoe loan relates to an acquisition of a Case backhoe that was purchased in 2008 with monthly payments starting in October 2008 of \$883. This debt is payable from general revenues of the Village. The full faith and credit of the Village have been pledged to repay the backhoe loan. This loan was paid in full as of September 2015.

The Village entered into a loan agreement in April 2011 with Peoples National Bank for the purchase of a truck with monthly payments of \$550. The truck collateralized the loan. Payments are made from the Street Construction Maintenance and Repair Fund, Water Fund and Sewer Fund.

The OWDA Waterline & Meter Replacement loan relates to the Village's waterline & meter replacement project was issued in 2014. This loan is payable from the Water Fund with semi-annual payments of \$8,159.

The OWDA Generator Installation loan was issued in 2012 and relates to the waterline & meter replacement project with semi-annual payments of \$438 payable from the Water Fund.

The OPWC loan was issued in 2004 and relates to a water storage tank replacement with semi-annual payments of \$487 payable from the Water Fund.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 10 – Debt (Continued)**

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

Year ending December 31:	Sewer Bonds	OWDA #3939	Truck Loan	OWDA #6246	OWDA #6284	OPWC CR04C
2016	\$ 82,162	\$ 6,788	\$ 6,600	\$ 16,318	\$ 876	\$ 974
2017	82,162	6,788	2,200	16,318	876	974
2018	82,162	6,788	-	16,318	876	974
2019	82,162	6,788	-	16,318	876	974
2020	82,162	6,788	-	16,318	876	974
2021-2025	410,810	33,940	-	81,590	4,380	3,896
2026-2030	410,810	33,940	-	81,590	4,380	-
2031-2035	410,810	20,364	-	81,590	4,380	-
2036-2040	246,486	-	-	81,590	4,380	-
2041-2045	-	-	-	57,113	2,190	-
Total	<u>\$ 1,889,726</u>	<u>\$ 122,184</u>	<u>\$ 8,800</u>	<u>\$ 465,063</u>	<u>\$ 24,090</u>	<u>\$ 8,766</u>

**Note 11 - Transfers**

During 2015, the following transfers were made:

	Transfers - In	Transfers - Out
General	\$ -	\$ (28,376)
Police Fund	28,376	-
Water Fund	1,452	-
Water Construction Fund	-	(1,452)
Sewer Fund	-	(8,400)
Sewer Payment Fund	8,400	-
	<u>\$ 38,228</u>	<u>\$ (38,228)</u>

Transfers from the General Fund to the Police Fund were made to cover operating expenses. Transfer from the Water Construction Fund to the Water Fund was to close out the fund and return excess monies from the completion of the waterline and meter replacement project and the transfers from the Sewer Fund to the Sewer Payment Fund were made to make debt payments from the appropriate fund. Transfers were deemed allowable and in compliance with Ohio Revised Code.

**Note 12 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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.

**Note 13 – Deficit Fund Balances**

The Village had deficit fund balances of \$1,247 in the General Fund, \$14,564 in the Street Construction Maintenance and Repair Fund, \$8,977 in the Delyn Community Center Fund, \$2,381 in the Police Fund, \$5,976 in the Water Operating Fund and \$24,093 in the Sewer Operating Fund as of December 31, 2015.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 14 – Going Concern**

The Village expenses have exceeded revenues for the past several years.

While the Village is in a positive cash balance position overall, a significant portion of the cash is in the Special Revenue Fire Fund and the Proprietary Sewer Operating Fund. The use of these funds is limited either by statute, levy ballot language or debt covenant agreement and therefore, the Village is not permitted to use these monies to remedy the deficit balances.

Based on information currently available, the Village has begun a long-term plan to reduce losses in the Water Operating Fund. A recent levy has been passed that will help increase revenue for the Street Repair and Maintenance Fund. The Recreation Fund has been absorbed into the Parks Fund, which is solvent, with stricter guidelines on acceptable expenditures. The Village Council is also looking into new and enforcing policies regarding expenditure, internal controls, vendor selection, grants, outstanding receivables reviews, etc.

The Auditor of State has various remedies available to it, the most severe of which include placing the Village on fiscal watch or fiscal emergency. The Village does not know if such action will be taken.

The accompanying financial statements do not include any adjustments that might be necessary if the Village is unable to continue as a going concern.

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313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

104 South Sugar St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

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

October 10, 2017

Village of New Straitsville  
Perry County  
114 West Main Street  
New Straitsville, Ohio 43766

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 cash balances, receipts and disbursements by fund type of the **Village of New Straitsville**, Perry County (the Village) as of and for the year ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated October 10, 2017, 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 wherein we also noted the Village has suffered recurring negative fund balances and will continue as a going concern.

***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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.



**...“bringing more to the table”**

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •  
• Association of Certified Anti - Money Laundering Specialists •



***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* as findings 2016-003 through 2016-009.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 10, 2017.

***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.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2016-001**

**Material Weakness**

**Financial Reporting**

The Village should have procedures and controls in place to help prevent and detect errors in financial reporting.

During 2016 and 2015, receipts, disbursements and fund balances were not always posted or classified correctly and footnote disclosures were not always accurate. The following errors were noted:

- Debt proceeds were either not recorded or recorded incorrectly in 2016 and 2015;
- Debt payments were not properly classified as principal and interest in 2016 and 2015;
- A grant received in 2016 was improperly classified as Miscellaneous instead of Intergovernmental;
- Fire and EMS contract payments for service were improperly classified as Intergovernmental and Property and Other Local Taxes instead of Charges for Services in 2016 and 2015;
- Real Estate Settlement receipts were not always posted to the appropriate funds per the *Statement of Semiannual Apportionment of Taxes* in 2015;
- Rollback receipts were not always posted to the appropriate funds per the *Statement of Semiannual Apportionment of Taxes* in 2016 and 2015;
- A grant from USDA received in 2016 was improperly recorded as a Transfer-In instead of Intergovernmental;
- Transfers were utilized to correct errors in postings of receipts and disbursements in 2016 that required financial statement changes;
- The Village received a refund from the IRS for overpayment on federal taxes in 2016 that was recorded entirely to the General Fund and was adjusted to properly allocate to the funds that made the original payment;
- The Village identified numerous disbursements charged to the incorrect fund after fiscal year 2016 was closed. To correct this error, the Village posted fund balance adjustments. Adjustments to beginning fund balance and the financial statements were necessary to properly reflect the activity on the 2016 financial statements;
- During the first half of 2015, Mayors Court activity was recorded in the accounting system; however the Village did not properly utilize an Agency Fund. All receipts were recorded in the General Fund and transfers were made to the Computer Fund for their portion of the fees and the Agency Fund for the portion due to the State of Ohio and Perry County. Adjustments were made to properly reflect all Mayors Court activity in an Agency Fund;
- During the second half of 2015 and through June 2016, the Village recorded Mayors Court receipts in an Agency Fund, however only recorded the portion of the receipt that was due to the State of Ohio and Perry County. Fines and fees collected for the General Fund and Computer Fund were recorded directly to the respective funds. Adjustments were made to properly reflect all Mayors Court activity in an Agency Fund;
- The Village collected fines and fees for Mayors Court July 2016 – December 2016 and did not record this activity in the accounting system and did not remit fines and fees to the respective agencies (see also Finding 2016-004);
- Real Estate Settlement Receipts were recorded at net instead of gross in 2016 and 2015, however, adjustments to the financial statements were not made due to the amount being immaterial individually and in the aggregate;

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2016-001 (Continued)**

**Material Weakness (Continued)**

**Posting Receipts, Disbursements and Fund Balances (Continued)**

- Fund balance classifications for the Park Fund and Recreation Fund were classified as Committed, however there was no legislative authority provided to support the classification, therefore was reclassified as Restricted.
- Modifications to the footnote disclosures were necessary as a result of errors in reporting or audit adjustments.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several adjustments and reclassifications (except as noted above). The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications (except as noted above).

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances. The Fiscal Officer should also ensure footnote disclosures are accurately reported and reference the most up to date footnote shell from the Auditor of State's website.

**Management's Response** – Officials did not provide a response to the above finding.

**FINDING NUMBER 2016-002**

**Material Weakness**

**Debit Card Transactions**

The Village has a debit card held under the supervision of the Fiscal Officer to be used as necessary by administration, the police department, fire department and utilities department. Debit cards are directly linked to the Village's sole checking account, therefore the practice of utilizing debit cards is not recommended as the Village's cash could be directly compromised if misuse occurs. The Village also does not have a written policy regarding usage of the debit card.

Due to the large number of transactions throughout the audit period, we tested all debit card transactions and determined several items did not contain adequate supporting documentation. In 2016, we identified \$7,933.06 in expenditures purchased with the debit card. Of this amount, \$2,457.94 did not contain a supporting receipt to determine what the purchase was for. In 2015, we identified \$11,752.73 in expenditures purchased with the debit card. Of this amount, \$1,997.90 did not contain a supporting receipt to determine the purchase of the expenditure. Failure to obtain supporting documentation for every purchase could result in misappropriation of assets and findings for recovery being issued against the Village employees and elected officials.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2016-002 (Continued)**

**Material Weakness (Continued)**

**Debit Card Transactions (Continued)**

We recommend the Village cease usage of the debit card and consider obtaining a credit card, if necessary, to carry out the daily operations of the Village. In addition, the Village should implement a detailed credit card policy and ensure appropriate safeguards and controls are in place regarding the usage. The following provisions should be addressed:

- A stipulation specifying who is authorized to use the credit card;
- A stipulation that the credit card should not be used for personal expenses;
- Limits on the amount a cardholder can spend;
- Limits on the frequency of use within a predefined timeframe;
- Restrictions on the type of vendors and merchants from whom purchases can be made;
- Specific prohibitions on the types of goods or services that may be purchased (e.g. entertainment, alcoholic beverages, personal services, etc.);
- A requirement that cardholders retain copies of all original, signed receipts;
- Segregation of duties between the cardholder and the approving card authorizing manager;
- Establish on-line monitoring for credit card transactions;
- A stipulation that all payment information should be maintained in accordance with the Village's records retention schedule;
- A requirement that cardholders cannot benefit through any type of awards program offered in connection with credit card use (e.g., frequent flier miles); and
- A stipulation that cardholders immediately notify their direct supervisor if the credit card is lost or stolen.

Additionally, we recommend procedures be implemented that include a detailed examination of charges and resolution of questioned items by a supervisor or management.

**Management's Response** – Officials did not provide a response to the above finding.

**FINDING NUMBER 2016-003**

**Noncompliance**

**Ohio Rev. Code Section 9.38** states that states that a person who is a public official shall deposit all public moneys received by that person with the Village Fiscal Officer or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited.

VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-003 (Continued)

**Noncompliance (Continued)**

During testing of cash receipts, we noted deposits were often deposited more than one to three business days after receipt. Timely deposits reduce the risk of receipts being lost, misappropriated or improperly posted and going undetected by management.

We recommend the Village ensure deposits are made on a timely basis. The Village should develop deposit policies and monitor the policy on a periodic basis.

**Management's Response** – Officials did not provide a response to the above finding.

FINDING NUMBER 2016-004

**Noncompliance**

**Ohio Rev. Code Section 733.40** states all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor that in any manner come into the mayor's hands, or that are due the mayor or marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses that have been advanced out of the treasury of the municipal corporation, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of the following month and to the Treasurer of State by the 20<sup>th</sup> of the following month.

During 2016 and 2015, monies collected by the Mayor's Court were not always paid to the Village by the first Monday of the following month or to the Treasurer of State by the 20<sup>th</sup> of the following month. In addition, fines and fees collected from July 2016 – December 2016 were not remitted to the respective agencies (Village of New Straitsville, Perry County and State of Ohio).

We recommend the Mayor's Court pay all monies collected to the Village by the first Monday of the following month and to the State Treasurer by the 20<sup>th</sup> of the following month.

**Management's Response** – Officials did not provide a response to the above finding.

FINDING NUMBER 2016-005

**Noncompliance**

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

The Village had negative fund balances at December 31, 2016 as follows:

<u>Fund</u>	<u>Deficit</u>
Street Construction, Maintenance and Repair	(\$18,016)
Recreation	(\$1,447)
Police	(\$9,156)
Water Operating	(\$13,526)

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2016-005 (Continued)**

**Noncompliance (Continued)**

The Village had negative fund balances at December 31, 2015 as follows:

<u>Fund</u>	<u>Deficit</u>
General	(\$1,427)
Street Construction, Maintenance and Repair	(\$14,564)
Community Center (Delyn)	(\$8,977)
Police	(\$2,381)
Water Operating	(\$5,976)
Sewer Operating	(\$24,093)

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

**Management’s Response** – Officials did not provide a response to the above finding.

**FINDING NUMBER 2016-006**

**Noncompliance**

**Appropriations Exceeding Estimated Resources**

**Ohio Rev. Code § 5705.39** states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

December 31, 2016:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Approved Appropriations</u>	<u>Variance</u>
Delyn (Community Center)	(5,077)	4,000	(9,077)

December 31, 2015:

<u>Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	54,434	55,785	(1,351)
Street Construction Maintenance and Repair	23,644	30,170	(6,526)
Delyn (Community Center)	(5,077)	4,000	(9,077)
Water Construction	1,452	48,000	(46,548)
Sewer Operating	162,759	168,350	(5,591)

This could result in the Village expending more money than it receives and could cause possible negative fund balances. A lack of funds may result in the Village being unable to meet its current obligations.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2016-006 (Continued)**

**Noncompliance (Continued)**

**Appropriations Exceeding Estimated Resources (Continued)**

We recommend the Village ensure estimated resources are sufficient to cover appropriations at the time of certification or amendment.

**Management’s Response** – Officials did not provide a response to the above finding.

**FINDING NUMBER 2016-007**

**Noncompliance**

**Expenditures Exceeding Appropriations**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The legal level of budgetary control for the Village is the level at which the Council adopts the original appropriation measure.

Budgetary expenditures exceeded appropriations at the fund level as follows:

December 31, 2016

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Variance</u>
Street Construction Maintenance and Repair	43,113	20,000	(23,113)
Water Operating	248,065	175,000	(73,065)
Sewer Operating	190,858	-	(190,858)
Sewer Payment	75,000	-	(75,000)
Sewer Reserve	61,000	-	(61,000)

December 31, 2015

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Variance</u>
General	93,671	55,785	(37,886)
Street Construction Maintenance and Repair	34,878	30,170	(4,708)
Police	60,905	32,450	(28,455)
Water Operating	213,789	202,824	(10,965)
Water Construction	82,388	48,000	(34,388)
Sewer Operating	172,339	168,350	(3,989)

Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources, and result in deficit spending.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Council to approved increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Management’s Response** – Officials did not provide a response to the above finding.



VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-008

**Noncompliance**

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village was unable to provide us with purchase orders, therefore we were unable to determine if purchase orders were reviewed and approved by Council, therefore all disbursements violated ORC 5705.41(D).

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-008 (Continued)**

**Noncompliance (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, we recommend that the fiscal officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

**Management's Response** – Officials did not provide a response to the above finding.

**FINDING NUMBER 2016-009**

**Noncompliance**

**Ohio Rev. Code § 5705.14** provides, in part, that other than exceptions (A) through (I) noted in the section, no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise. Furthermore, except in the case of a transfer from the General Fund to any other fund of the subdivision as noted in § 5705.14(E), transfers authorized by this section shall only be made by resolution of the taxing authority passed with the affirmative vote of two-thirds of the members.

Furthermore, Ohio Rev. Code § 5705.15 provides that in addition to the transfers authorized in section 5705.14 of the Revised Code, the taxing authority of any political subdivision may, in the manner provided in this section and section 5705.16 of the Revised Code, transfer from one fund to another any public funds under its supervision, except the proceeds or balances of loans, bond issues, special levies for the payment of loans or bond issues, the proceeds or balances of funds derived from any excise tax levied by law for a specified purpose, and the proceeds or balances of any license fees imposed by law for a specified purpose.

The Village incorrectly utilized transfers to correct posting errors made during the year, post receipts and attempt to record Mayors Court activity.

We recommend the Village only utilize transfers for their true purpose and obtain approval from Council documented in the minute record prior to posting in the accounting system.

**Management's Response** – Officials did not provide a response to the above finding.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2014-001	Posting Receipts, Disbursements and Fund Balances	No	Repeated as Finding 2016-001
2014-002	ORC Section 733.40 – Mayor’s Court remittances to Village and State	No	Repeated as Finding 2016-004
2014-003	5705.10 – Negative Fund Balances	No	Repeated as Finding 2016-005
2014-004	Budgetary Controls	No	Repeated as Findings 2016-006, 2016-007 and 2016-008

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# Dave Yost • Auditor of State

VILLAGE OF NEW STRAITSVILLE

PERRY 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 5, 2017