



**VILLAGE OF STRATTON
JEFFERSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF STRATTON
JEFFERSON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Stratton
Jefferson County
136 Second Avenue
P.O. Box 145
Stratton, Ohio 43961

To the Village Council:

We have audited the accompanying financial statements of the Village of Stratton, Jefferson County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 audit 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. We believe that our audit provides 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 of the Village of Stratton as of December 31, 2000 and December 31, 1999, 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 February 21, 2001 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 audit.

This report is intended solely for the information and use of the audit committee, management, and 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.

Jim Petro
Auditor of State

February 21, 2001

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**VILLAGE OF STRATTON
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$857,808			\$857,808
Intergovernmental Receipts	41,617	\$8,439		50,056
Charges for Services	6,753	15,519		22,272
Fines, Licenses, and Permits	1,405			1,405
Miscellaneous	31,907			31,907
	<u>939,490</u>	<u>23,958</u>		<u>963,448</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	58,728			58,728
Public Health Services	40,000			40,000
Leisure Time Activities	37,253			37,253
Basic Utility Services	118,082	20,262		138,344
Transportation	86,004	3,240		89,244
General Government	458,690			458,690
Capital Outlay	205,709			205,709
	<u>1,004,466</u>	<u>23,502</u>		<u>1,027,968</u>
Total Receipts Over/(Under) Disbursements	<u>(64,976)</u>	<u>456</u>		<u>(64,520)</u>
Other Financing Receipts/(Disbursements):				
Other Sources	7,670		\$1,625	9,295
Transfers-In		20,000		20,000
Other Uses			(\$1,625)	(1,625)
Transfers-Out	(20,000)			(20,000)
	<u>(12,330)</u>	<u>20,000</u>		<u>7,670</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(77,306)</u>	<u>20,456</u>		<u>(56,850)</u>
Fund Cash Balances January 1	<u>331,119</u>	<u>36,770</u>		<u>367,889</u>
Fund Cash Balances, December 31	<u>\$253,813</u>	<u>\$57,226</u>		<u>\$311,039</u>

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

**VILLAGE OF STRATTON
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$869,498				\$869,498
Intergovernmental Receipts	41,028	\$10,544			51,572
Charges for Services	3,306	15,089			18,395
Fines, Licenses, and Permits	1,020				1,020
Miscellaneous	22,273				22,273
	<u>937,125</u>	<u>25,633</u>			<u>962,758</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	44,199				44,199
Public Health Services	40,000				40,000
Leisure Time Activities	34,368				34,368
Basic Utility Services	112,164	23,835			135,999
Transportation	90,796	7,702			98,498
General Government	472,996				472,996
Capital Outlay	101,713		\$2		101,715
	<u>896,236</u>	<u>31,537</u>	<u>2</u>		<u>927,775</u>
Total Receipts Over/(Under) Disbursements	<u>40,889</u>	<u>(5,904)</u>	<u>(2)</u>		<u>34,983</u>
Other Financing Receipts/(Disbursements):					
Other Sources	1,089			\$1,340	2,429
Transfers-In		10,000			10,000
Other Uses				(\$1,340)	(1,340)
Transfers-Out	(10,000)				(10,000)
	<u>(8,911)</u>	<u>10,000</u>			<u>1,089</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	31,978	4,096	(2)		36,072
Fund Cash Balances January 1	<u>299,141</u>	<u>32,674</u>	<u>2</u>		<u>331,817</u>
Fund Cash Balances, December 31	<u>\$331,119</u>	<u>\$36,770</u>			<u>\$367,889</u>

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

**VILLAGE OF STRATTON
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Stratton, Jefferson 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 governmental services, including water and sewer utilities, park operations (leisure time activities), and police 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

The Village has an interest bearing checking account and a repurchase agreement.

D. Fund Accounting

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

1. General Fund

The General Fund 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 Funds

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:

Sewer Fund - This fund receives charges from residents to cover some of the cost of providing this utility.

Water Fund - This fund receives charges from resident to cover some of the cost of providing this utility.

**VILLAGE OF STRATTON
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Permanent Improvement Fund - This fund was used to purchase new equipment for the park.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund - This is an agency fund and is used to account for fines and costs collected and the distributions remitted to the State and to the Village.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function 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. Appropriations lapse at year end.

2. Estimated Resources

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

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 2000 and 1999 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.

**VILLAGE OF STRATTON
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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>2000</u>	<u>1999</u>
Demand deposits	\$ (8,760)	\$ (1,950)
Repurchase Agreement	319,799	369,839
	<u> </u>	<u> </u>
Total deposits and investments	<u>\$ 311,039</u>	<u>\$ 367,889</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 947,160	\$ 947,160	\$ 0
Special Revenue	49,667	43,958	(5,709)
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 996,827</u>	<u>\$ 991,118</u>	<u>\$ (5,709)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,208,172	\$ 1,024,466	\$ 183,706
Special Revenue	79,270	23,502	55,768
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,287,442</u>	<u>\$ 1,047,968</u>	<u>\$ 239,474</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 972,115	\$ 938,214	\$ (33,901)
Special Revenue	47,200	35,633	(11,567)
Capital Projects	0	0	0
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 1,019,315</u>	<u>\$ 973,847</u>	<u>\$ (45,468)</u>

**VILLAGE OF STRATTON
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,271,256	\$ 906,236	\$ 365,020
Special Revenue	65,175	31,537	33,638
Capital Projects	2	2	0
Total	\$ 1,336,433	\$ 937,775	\$ 398,658

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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

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 law enforcement officers and firefighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. For 2000, the Village contributed an amount equal to 10.84% of participants gross salaries. For 1999, the Village contributed an amount equal to 13.55% of participants gross salaries. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF STRATTON
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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

Village of Stratton
Jefferson County
136 Second Avenue
P.O. Box 145
Stratton, Ohio 43961

To the Village Council:

We have audited the accompanying financial statements of the Village of Stratton, Jefferson County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated February 21, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted one instance of immaterial noncompliance that we have reported to management of the Village in a separate letter dated February 21, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 21, 2001.

Village of Stratton
Jefferson County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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.

Jim Petro
Auditor of State

February 21, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF STRATTON

JEFFERSON 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
MARCH 27, 2001**