



Mary Taylor, CPA
Auditor of State

VILLAGE OF STRYKER
WILLIAMS COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Stryker
Williams County
200 North Defiance Street
PO Box 404
Stryker, Ohio 43557-0404

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 19, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Stryker
Williams County
200 North Defiance Street
PO Box 404
Stryker, Ohio 43557-0404

To the Village Council:

We have audited the accompanying financial statements of Village of Stryker, Williams County, (the Village) as of and for the years ended December 31, 2006 and 2005. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Village of Stryker, Williams County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

July 19, 2007

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$71,316			\$71,316
Municipal Income Tax	309,849		\$204,523	514,372
Intergovernmental	95,456	\$81,881		177,337
Special Assessments		143		143
Charges for Services	3,039			3,039
Fines, Licenses and Permits	6,869	255		7,124
Earnings on Investments	56,299	4,017		60,316
Miscellaneous	8,747	1,144		9,891
	<u>551,575</u>	<u>87,440</u>	<u>204,523</u>	<u>843,538</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	184,113	744		184,857
Public Health Services	14,212			14,212
Leisure Time Activities	2,000			2,000
Community Environment	6,975			6,975
Basic Utility Service	10,648			10,648
Transportation		114,071		114,071
General Government	201,333		13,272	214,605
Debt Service			110,699	110,699
Capital Outlay	28,827		88,202	117,029
	<u>448,108</u>	<u>114,815</u>	<u>212,173</u>	<u>775,096</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>103,467</u>	<u>(27,375)</u>	<u>(7,650)</u>	<u>68,442</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		45,700		45,700
Transfers-Out	(95,700)			(95,700)
	<u>(95,700)</u>	<u>45,700</u>		<u>(50,000)</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>7,767</u>	<u>18,325</u>	<u>(7,650)</u>	<u>18,442</u>
Fund Cash Balances, January 1	<u>652,978</u>	<u>76,815</u>	<u>353,216</u>	<u>1,083,009</u>
Fund Cash Balances, December 31	<u><u>\$660,745</u></u>	<u><u>\$95,140</u></u>	<u><u>\$345,566</u></u>	<u><u>\$1,101,451</u></u>

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

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$411,541
Miscellaneous	7,741
	419,282
Operating Cash Disbursements:	
Personal Services	132,113
Travel Transportation	260
Contractual Services	139,262
Supplies and Materials	27,532
	299,167
Operating Income	120,115
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	26
	26
Non-Operating Cash Disbursements:	
Capital Outlay	36,766
Debt Service	139,758
Other Non-Operating Cash Disbursements	26
	176,550
Excess of Disbursements Over Receipts Before Interfund Transfers	(56,409)
Transfers-In	50,000
Net Disbursements Over Receipts	(6,409)
Fund Cash Balances, January 1	178,506
Fund Cash Balances, December 31	\$172,097

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

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$69,432			\$69,432
Municipal Income Tax	312,015		\$204,818	516,833
Intergovernmental	105,854	\$76,543	180,818	363,215
Special Assessments		1,758		1,758
Charges for Services	1,286			1,286
Fines, Licenses and Permits	9,993	1,056		11,049
Earnings on Investments	38,254	2,003		40,257
Miscellaneous	4,614	1,412	18	6,044
	<u>541,448</u>	<u>82,772</u>	<u>385,654</u>	<u>1,009,874</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	192,261	1,806		194,067
Public Health Services	11,892			11,892
Leisure Time Activities	2,000			2,000
Community Environment	6,595			6,595
Basic Utility Service	9,179			9,179
Transportation		85,761		85,761
General Government	222,794		46,423	269,217
Debt Service			111,855	111,855
Capital Outlay			506,737	506,737
	<u>444,721</u>	<u>87,567</u>	<u>665,015</u>	<u>1,197,303</u>
Total Receipts Over/(Under) Disbursements	<u>96,727</u>	<u>(4,795)</u>	<u>(279,361)</u>	<u>(187,429)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		28,000		28,000
Transfers-Out	(28,000)			(28,000)
	<u>(28,000)</u>	<u>28,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	68,727	23,205	(279,361)	(187,429)
Fund Cash Balances, January 1	<u>584,251</u>	<u>53,610</u>	<u>632,577</u>	<u>1,270,438</u>
Fund Cash Balances, December 31	<u>\$652,978</u>	<u>\$76,815</u>	<u>\$353,216</u>	<u>\$1,083,009</u>

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

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$416,549
Miscellaneous	5,826
	422,375
Operating Cash Disbursements:	
Personal Services	140,319
Travel Transportation	406
Contractual Services	131,663
Supplies and Materials	24,474
	296,862
Operating Income	125,513
Non-Operating Cash Receipts:	
Special Assessments	264
Non-Operating Cash Disbursements:	
Capital Outlay	7,222
Debt Service	139,501
	146,723
Net Disbursements Over Receipts	(20,946)
Fund Cash Balances, January 1	199,452
Fund Cash Balances, December 31	\$178,506

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

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Stryker, Williams County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Springfield Township to receive fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

VILLAGE OF STRYKER
WILLIAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Capital Projects Income Tax Fund – This fund receives proceeds of ½% income tax. The proceeds are being used to construct or obtain permanent improvements to Village land and property.

Issue II – Water Treatment Plant Fund – The Village received a grant from the State of Ohio to construct a new water treatment plant.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Refuse Fund - This fund receives charges for services from residents to cover refuse and recycling service costs.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control and appropriations may not exceed estimated resources. The Village 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.

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

2. Estimated Resources

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

3. 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. 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.

2. EQUITY IN POOLED CASH

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

	<u>2006</u>	<u>2005</u>
Demand deposits	\$1,173,548	\$1,261,515
Certificates of deposit	100,000	
Total deposits	<u>\$1,273,548</u>	<u>\$1,261,515</u>

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$530,000	\$551,575	\$21,575
Special Revenue	127,500	133,140	5,640
Capital Projects	200,000	204,523	4,523
Enterprise	473,399	469,308	(4,091)
Total	\$1,330,899	\$1,358,546	\$27,647

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$732,585	\$543,808	\$188,777
Special Revenue	159,600	114,815	44,785
Capital Projects	463,000	212,173	250,827
Enterprise	616,400	475,717	140,683
Total	\$1,971,585	\$1,346,513	\$625,072

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$534,000	\$541,448	\$7,448
Special Revenue	110,110	110,772	662
Capital Projects	376,819	385,654	8,835
Enterprise	429,700	422,639	(7,061)
Total	\$1,450,629	\$1,460,513	\$9,884

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$722,260	\$472,721	\$249,539
Special Revenue	159,625	87,567	72,058
Capital Projects	894,371	665,015	229,356
Enterprise	570,000	443,585	126,415
Total	\$2,346,256	\$1,668,888	\$677,368

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. PROPERTY TAX

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

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

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. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 ½ percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2006, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Land Contract	\$36,782	5.50%
Ohio Water Development Authority Loan	1,612,605	7.65%
Total	<u>\$1,649,387</u>	

The Ohio Water Development Authority (OWDA) loan relates to sewer line improvements and a sewer lagoon expansion project which was mandated by the Ohio Environmental Protection Agency. The OWDA approved up to \$2,529,305 in loans to the Village for this project. The Village will repay the loans in semiannual installments over 25 years.

The Village purchased land for development by entering into a land contract in 2002. Payments on this obligation are made semiannual installments of \$10,000 plus interest from the Capital Projects Income Tax Fund.

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. DEBT – (CONTINUED)

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

Year ending December 31:	<u>Land Contract</u>	<u>OWDA Loan</u>
2007	\$21,748	\$219,070
2008	17,430	219,664
2009		220,304
2010		220,992
2011		221,732
2012 – 2016		1,121,872
2017		113,456
Total	<u>\$39,178</u>	<u>\$2,337,090</u>

7. RETIREMENT SYSTEMS

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants contributed 10% of their wages. For 2006 and 2005, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



Mary Taylor, CPA

Auditor of State

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

Village of Stryker
Williams County
200 North Defiance Street
PO Box 404
Stryker, Ohio 43557-0404

To the Village Council:

We have audited the financial statements of the Village of Stryker, Williams County, (the Village) as of and for the year ended December 31, 2006 and 2005, and have issued our report thereon dated July 19, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2006-003 is also a material weakness.

We noted a certain matter that we reported to the Village's management in a separate letter dated July 19, 2007.

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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

We intend this report solely for the information and use of the finance committee, management and Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 19, 2007

VILLAGE OF STRYKER
WILLIAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet 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.

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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village 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 Village.

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 Village 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. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Fifty percent of expenditures were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2006-001
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. We also reported this in the prior audit.

Officials' Response

Management did not respond to this finding.

FINDING NUMBER 2006-002

Significant Deficiency

Financial Reporting

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustments.

1. Debt service expenditures of \$110,699 in 2006 and \$111,855 in 2005 posted in the Capital Improvements fund were classified as general government.
2. Capital outlay expenditures of \$117,029 (General Fund \$28,827 and Capital Improvements Fund \$88,202) in 2006 and \$506,737 (Capital Improvements Fund) in 2005 were classified as general government.

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Village Council, to identify and correct errors and omissions. The Fiscal Officer should also review the Village Handbook's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

Officials' Response

Management did not respond to this finding.

FINDING NUMBER 2006-003

Material Weaknesses

Posting Estimated Resources and Appropriations

Estimated resources and appropriations reported on the accounting system differed from amounts approved by the Council and submitted to the County Budget Commission in 2005 and 2006.

The following variances in estimated resources were noted:

Fund	2005			2006		
	Approved Estimated Resources	Posted Estimated Resources	Variance	Approved Estimated Resources	Posted Estimated Resources	Variance
General	\$534,000		\$534,000			
Special Revenue Funds:						
Street Construction Maintenance and Repair Fund	93,000		93,000	\$110,700	\$62,200	\$48,500
State Highway Fund	5,010		5,010			
Motor Vehicle Registration Tax Fund	11,000		11,000			
Law Enforcement Block Grant Fund	800		800			
Drug Enforcement & Education Fund	300		300			
Capital Projects Funds:						
Capital Improvements Fund	196,001		196,001			
Issue II Fund	180,818		180,818			
Enterprise:						
Water Fund	140,000		140,000	154,000	128,100	25,900
Sanitary Sewer Fund	218,000			247,000	222,000	25,000
Refuse Fund	68,000		68,000			
Utility Deposit Fund	3,700		3,700			

The following variances in appropriations were noted:

Fund	2005			2006		
	Approved Appropriations	Posted Appropriations	Variance	Approved Appropriations	Posted Appropriations	Variance
General	\$722,260	\$582,260	\$140,000	\$732,585	\$565,585	\$167,000

As result, reports containing budgeted receipts and appropriations were inaccurate. This increases the risk that management may draw inaccurate conclusions concerning the Village's financial status.

**FINDING NUMBER 2006-003
(Continued)**

We recommend that the Fiscal Officer post to the Village's financial records, estimated revenues from the "Official Amended Certificate of Estimated Resources" received from the County Auditor and appropriations authorized by the Village Council in the annual appropriation resolution. In addition, any subsequent amendments to either the official amended certificate or annual appropriation should also be posted to the Village's financial records.

Officials' Response

Management did not respond to this finding.

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Estimated revenue was not posted into the Village's computer system.	No	Partially corrected. Finding reissued as Finding #2006-003.
2004-002	ORC §5705.41(D)(1) improper certification of expenditures by the fiscal officer.	No	Finding reissued as Finding #2006-001



Mary Taylor, CPA
Auditor of State

VILLAGE OF STRYKER

WILLIAMS 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
AUGUST 14, 2007**