

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY  
Regular Audit  
For the Years Ended December 31, 2012 and 2011**

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





# Dave Yost • Auditor of State

Village Council  
Village of New Straitsville  
114 West Main Street  
P.O. Box 238  
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, 2011 through December 31, 2012. 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 18, 2013

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**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

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# *Perry & Associates*

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## **INDEPENDENT AUDITOR'S REPORT**

September 13, 2013

Village of New Straitsville  
Perry County  
114 West Main Street  
P.O. Box 238  
New Straitsville, Ohio 43766

To the Village Council:

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

We have audited the accompanying financial statements and related notes of the **Village of New Straitsville**, Perry County, (the Village) as of and for the years ended December 31, 2012 and 2011.

### ***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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1B 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

The accompanying financial statements present receipts and disbursements by fund types only. Ohio Administrative Code Section 117-2-02(A) requires Villages to classify receipt and disbursement transactions.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of New Straitsville, Perry County as of December 31, 2012 and 2011, and its combined unclassified cash receipts and unclassified 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 permit, described in Note 1B.

***Emphasis of Matter***

As discussed in Note 1F to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The accompanying financial statements have been prepared assuming the Village will continue as a going concern. As discussed in Note 10 to the financial statements, the Village has suffered recurring net losses and has a deficit in the Special Revenue Community Center and Sewer Operating Funds at December 31, 2012. 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 10. 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 these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2013, 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.



Village of New Straitsville  
Perry County  
Independent Auditor's Report  
Page 3

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.

Respectfully Submitted,

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

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Cash Receipts	\$ 45,137	\$ 146,059	\$ 191,196
<i>Total Cash Receipts</i>	<u>45,137</u>	<u>146,059</u>	<u>191,196</u>
<b>Cash Disbursements</b>			
Cash Disbursements	31,500	116,606	148,106
<i>Total Cash Disbursements</i>	<u>31,500</u>	<u>116,606</u>	<u>148,106</u>
<i>Excess of Receipts Over Disbursements</i>	<u>13,637</u>	<u>29,453</u>	<u>43,090</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	2,000	2,000
Transfers Out	(2,000)	-	(2,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,000)</u>	<u>2,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	11,637	31,453	43,090
<i>Fund Cash Balances, January 1</i>	<u>3,513</u>	<u>34,468</u>	<u>37,981</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	79,433	79,433
Unassigned (Deficit)	15,150	(13,512)	1,638
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 15,150</b></u>	<u><b>\$ 65,921</b></u>	<u><b>\$ 81,071</b></u>

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts</b>			
Cash Receipts	\$ 829,000	\$ -	\$ 829,000
<i>Total Operating Cash Receipts</i>	<u>829,000</u>	<u>-</u>	<u>829,000</u>
<b>Operating Cash Disbursements</b>			
Cash Disbursements	836,705	-	836,705
<i>Total Operating Cash Disbursements</i>	<u>836,705</u>	<u>-</u>	<u>836,705</u>
<i>Operating Income (Loss)</i>	<u>(7,705)</u>	<u>-</u>	<u>(7,705)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Non-Operating Receipts	-	3,546	3,546
Other Non-Operating Disbursements	-	(3,546)	(3,546)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Income (Loss) before Transfers</i>	(7,705)	-	(7,705)
Transfers In	91,552	-	91,552
Transfers Out	<u>(91,552)</u>	<u>-</u>	<u>(91,552)</u>
<i>Net Change in Fund Cash Balances</i>	(7,705)	-	(7,705)
<i>Fund Cash Balances, January 1</i>	<u>36,507</u>	<u>-</u>	<u>36,507</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 28,802</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,802</u></u>

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Cash Receipts	\$ 51,680	\$ 124,124	\$ 175,804
<i>Total Cash Receipts</i>	<u>51,680</u>	<u>124,124</u>	<u>175,804</u>
<b>Cash Disbursements</b>			
Cash Disbursements	38,994	128,792	167,786
<i>Total Cash Disbursements</i>	<u>38,994</u>	<u>128,792</u>	<u>167,786</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,686</u>	<u>(4,668)</u>	<u>8,018</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	21,278	21,278
Transfers Out	(21,278)	-	(21,278)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(21,278)</u>	<u>21,278</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(8,592)	16,610	8,018
<i>Fund Cash Balances, January 1 (Restated, See Note 9)</i>	<u>12,105</u>	<u>17,858</u>	<u>29,963</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	58,995	58,995
Unassigned (Deficit)	3,513	(24,527)	(21,014)
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 3,513</u></u>	<u><u>\$ 34,468</u></u>	<u><u>\$ 37,981</u></u>

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals</b>
	<b>Enterprise</b>	<b>Agency</b>	<b>(Memorandum Only)</b>
<b>Operating Cash Receipts</b>			
Cash Receipts	\$ 412,246	\$ -	\$ 412,246
<i>Total Operating Cash Receipts</i>	412,246	-	412,246
<b>Operating Cash Disbursements</b>			
Cash Disbursements	439,306	-	439,306
<i>Total Operating Cash Disbursements</i>	439,306	-	439,306
<i>Operating Income (Loss)</i>	(27,060)	-	(27,060)
<b>Non-Operating Receipts (Disbursements)</b>			
Other Non-Operating Receipts	-	5,535	5,535
Other Non-Operating Disbursements	-	(5,664)	(5,664)
<i>Total Non-Operating Receipts (Disbursements)</i>	-	(129)	(129)
<i>Income (Loss) before Transfers</i>	(27,060)	(129)	(27,189)
Transfers In	90,092	-	90,092
Transfers Out	(90,092)	-	(90,092)
<i>Net Change in Fund Cash Balances</i>	(27,060)	(129)	(27,189)
<i>Fund Cash Balances, January 1 (Restated - See Note 9)</i>	63,567	129	63,696
<i>Fund Cash Balances, December 31</i>	<b>\$ 36,507</b>	<b>\$ -</b>	<b>\$ 36,507</b>

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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 New Straitsville, Perry County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance and repair, water, sewer utilities, park operations, and 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 the Ohio Government Plan Risk Management Inc., a public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

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).

The Village did not classify its receipts and disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-02-02(A) (effective July 1, 2000). These Ohio Administrative Code Sections require classifying receipts and disbursements.

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

**C. Deposits and Investments**

During the period the Village maintained all funds in a checking account.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and recorded in another fund.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

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

**3. 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.

**4. 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.

**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 fund, function, and 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. Unencumbered appropriations lapse at year-end.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**F. Fund Balance**

In 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which had no effect on fund balances. Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

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

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.



**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant and Equipment**

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

**H. 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 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 was as follows:

	2012	2011
Demand Deposits	\$ 109,873	\$ 74,488
Total Deposits	\$ 109,873	\$ 74,488

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 49,113	\$ 45,137	\$ (3,976)
Special Revenue	129,384	148,059	18,675
Enterprise	404,400	920,552	516,152
Total	\$ 582,897	\$ 1,113,748	\$ 530,851

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 33,500	\$ (33,500)
Special Revenue	-	116,606	(116,606)
Enterprise	-	928,257	(928,257)
Total	\$ -	\$ 1,078,363	\$ (1,078,363)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,267	\$ 51,680	\$ (34,587)
Special Revenue	117,067	145,402	28,335
Enterprise	324,400	502,338	177,938
Total	\$ 527,734	\$ 699,420	\$ 171,686

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 46,372	\$ 60,272	\$ (13,900)
Special Revenue	96,900	128,792	(31,892)
Enterprise	137,969	529,398	(391,429)
Total	\$ 281,241	\$ 718,462	\$ (437,221)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds in 2012 and in the General, Street Construction, Maintenance and Repair, Police, Community Center, Water Operating, Sewer Operating and Sewer Payment funds in 2011.

Contrary to Ohio law, appropriations exceeded estimated resources in the Police and Community Center funds in 2011.

Contrary to Ohio law, the Community Center and Sewer Operating Funds had negative fund balances in 2012 and the Police, Community Center and Sewer Operating Funds had negative fund balances in 2011.

Contrary to Ohio law, certification of availability of unencumbered appropriations for expenditure was not obtained for 100% of expenditures in 2012 and 2011.

Contrary to Ohio law, the Village did not approve or file appropriations for all funds in 2012.

Contrary to Ohio law, the Village did not increase or decrease amended certificates in 2012 and 2011.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(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. DEBT**

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sewer System Mortgage Bonds	\$ 1,463,000	3.25%
OWDA - Elevated Storage Tank	119,422	1.50%
Backhoe Loan	26,440	5.30%
Peoples National Bank - Truck Loan	26,015	3.45%
OWDA - Waterline & Meter Replacement	44,343	3.45%
OWDA - Generator Installation	401	1.50%
Total	<u>\$ 1,679,621</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.

The OWDA Elevated Storage Tank loan was issued in August of 2003 with semi-annual payments of \$3,394 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.

The Village entered into a loan agreement in April 2011 for the purchase of a truck with monthly payments of \$550. The truck collateralized the loan.

The OWDA Waterline & Meter Replacement loan relates to the Village's waterline & meter replacement project. The loan was not closed as of the date of the audit report; therefore we have no information regarding payments and amortization.

The OWDA Generator Installation loan relates to the waterline & meter replacement project. The loan was not closed as of the date of the audit report; therefore we have no information regarding payments and amortization.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**5. DEBT (Continued)**

Amortization of the Village's debt principal and interest is scheduled as follows:

Year ending December 31:	Sewer Bonds	OWDA Loan	Backhoe Loan	Truck Loan
2013	\$ 82,162	\$ 6,788	\$ 10,596	\$ 6,600
2014	82,162	6,788	10,596	6,600
2015	82,162	6,788	7,947	6,600
2016	82,162	6,788	-	6,600
2017	82,162	6,788	-	2,200
2018-2022	410,810	33,940	-	-
2023-2027	410,810	33,940	-	-
2028-2032	410,810	33,940	-	-
2033-2037	410,810	6,788	-	-
2038	82,162	-	-	-
Total	<u>\$ 2,136,212</u>	<u>\$ 142,548</u>	<u>\$ 29,139</u>	<u>\$ 28,600</u>

**6. RETIREMENT SYSTEMS**

The Village's 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. For 2012 and 2011, OPERS members contributed 10.0% of their gross salaries, and the Village contributed an amount equaling 14.0% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

**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.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

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, except OPRM retains 41.5% (effective November 1, 2011) 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, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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.

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 retained earnings at December 31, 2012 and 2011:

	<b>2012</b>	<b>2011</b>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

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

**8. TRANSFERS**

During 2012, the following transfers were made:

	Transfers In	Transfers Out
General Fund	\$ -	\$ (2,000)
Police	2,000	-
Sewer	-	(8,900)
Sewer Reserve	8,900	-
Sewer	-	(82,652)
Sewer Payment	82,652	-
Total	\$ 93,552	\$ (93,552)

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**8. TRANSFERS (Continued)**

During 2012, the Village transferred money from the General Fund to the Police Fund, from the Sewer Fund to the Sewer Reserve Fund for future improvements to the sewer system, and from the Sewer Fund to the Sewer Payment Fund for debt payments on the sewer bonds. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2011, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ (21,278)
Police	21,278	-
Sewer	-	(8,400)
Sewer Reserve	8,400	-
Sewer	-	(81,692)
Sewer Payment	81,692	-
Total	<u>\$ 111,370</u>	<u>\$ (111,370)</u>

During 2011, the Village transferred money from the General Fund to the Police Fund, from the Sewer Fund to the Sewer Reserve Fund for future improvements to the sewer system, and from the Sewer Fund to the Sewer Payment Fund for debt payments on the sewer bonds. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

**9. RESTATEMENT OF FUND BALANCE**

The restatement is due to the Sewer Extension Fund being recorded as a Capital Projects Fund instead of an Enterprise Fund in 2010. The Sewer Extension Fund is set up for the construction of additional sewer lines. The Sewer Extension Fund activity is recorded as an Enterprise Fund in 2012 and 2011.

	<u>Capital Projects Fund</u>	<u>Enterprise Fund</u>
Fund Balance at December 31, 2010	\$ 26,517	\$ 37,050
Change in Fund Balance	(26,517)	26,517
Adjusted Fund Balance at January 1, 2011	<u>\$ -</u>	<u>\$ 63,567</u>

**10. DEFICIT FUND BALANCES**

The Village had deficit fund balances of \$13,512 in the Community Center Fund and \$48,094 in the Sewer Operating Fund as of December 31, 2012. The Village had deficit fund balances of \$14,931 in the Police Fund, \$9,596 in the Community Center Fund and \$21,052 in the Sewer Operating Fund as of December 31, 2011.

**11. GOING CONCERN**

The Village expenses have exceeded revenues for the years of 2010, 2011 and 2012 in various funds.

While the Village is in a positive cash balance position, a significant portion of the cash is in the Special Revenue Fire and Capital Projects Funds. The use of these funds is limited either by statute or by levy ballot language and therefore, the Village is not permitted to use these monies to remedy the deficit balances.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(Continued)**

**11. GOING CONCERN (Continued)**

Based on information currently available, the Village has implemented a plan on increasing overall fund balance in the Sewer Operating Fund. The Village also recently passed a levy that will increase revenues in the Community Center and Parks and Recreation Funds. The Village's Council is also looking into various ways for the Village to reduce expenses.

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.

**12. CONTINGENT LIABILITY**

The Village participates in several state assisted grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Village believes that disallowed claims, if any, will not have a material adverse effect on the Village's financial condition.

# *Perry & Associates*

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

September 13, 2013

Village of New Straitsville  
Perry County  
114 West Main Street  
P.O. Box 238  
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 **Village of New Straitsville**, Perry County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated September 13, 2013, wherein we qualified our opinion due to the Village not classifying receipts and disbursements. We also noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1, and the Village implemented Governmental Accounting Standards Board Statement No. 54.

### ***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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2012-08 through 2012-10 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-11 and 2012-12 described in the accompanying schedule of audit findings to be significant deficiencies.



***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* which are described in the accompanying schedule of audit findings as items 2012-01 through 2012-07 and 2012-10.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 13, 2013.

***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.

Respectfully Submitted,



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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**FINDING NUMBER 2012-01**

**Noncompliance**

**Ohio Rev. Code Section 5705.10** 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, 2012 as follows:

<u>Fund</u>	<u>Deficit</u>
Community Center	(\$13,512)
Sewer Operating	(\$48,094)

The Village had negative fund balances at December 31, 2011 as follows:

<u>Fund</u>	<u>Deficit</u>
Police	(\$14,931)
Community Center	(\$9,596)
Sewer Operating	(\$21,052)

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

**FINDING NUMBER 2012-02**

**Noncompliance**

**Ohio Revised Code Section 117.38** states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village did not file the Annual Financial Report with the Auditor of the State's office in 2012 or 2011 within 60 days. The Village also did not publish notice in a local newspaper stating the financial report is available for public inspection.

The Village filed the Annual Financial Report with the Auditor of State's office but the amounts in the report did not agree with the amounts on the Village's cash journal in some instances.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**FINDING NUMBER 2012-02 (Continued)**

**Noncompliance (Continued)**

**Ohio Revised Code Section 117.38 (Continued)**

We recommend the Annual Financial Report be compiled from the Village's accounting system and be reconciled. In addition, the Village should file said report with the Auditor of State within 60 days of the fiscal year end as well as publish in a local newspaper a notice that the financial report is available for public inspection at the Village's office.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2012-03**

**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 2012 and 2011, 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.

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

**FINDING NUMBER 2012-04**

**Noncompliance**

**Budgetary Controls**

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.36 (A) stating that upon determination that the revenue will be greater or less than the amount included in the official certificate of estimated resources, the fiscal officer should certify an amended certificate.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**FINDING NUMBER 2012-04 (Continued)**

**Noncompliance (Continued)**

**Budgetary Controls (Continued)**

- Violations of 5705.38 indicating annual appropriations should be approved
- Violations of 5705.39 indicating appropriations cannot exceed estimated resources;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.41(D) relating to expenditures having prior certification of availability of funds.

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. If the Council does not consider this necessary, steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2012-05**

**Noncompliance**

**Internal Revenue Service Code** requires an entity to issue Internal Revenue Service Form 1099-MISC when payments for services performed for the entity by individuals not treated as employees total \$600 or more.

In 2012, the Village wrote checks payable to individuals exceeding \$600 and did not issue a form 1099-MISC.

We recommend the Village review their year to date disbursements to individuals at year end to determine if a form 1099-MISC should be issued for services performed for the Village.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2012-06**

**Noncompliance**

**Ohio Revised Code 733.28** requires the Village Fiscal Officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended. In, addition Ohio Administrative Code Section 117-2-02(A) requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village's Fiscal Officer did maintain accurate receipt ledgers and expenditure ledgers for 2012 and 2011; however, they were categorized by fund only (rather than by receipt and expenditure type), and did not incorporate budgetary amounts.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**FINDING NUMBER 2012-06 (Continued)**

**Noncompliance (Continued)**

**Ohio Revised Code 733.28 (Continued)**

We recommend the Village Clerk review the requirements of Ohio Rev. Code Section 733.28, Ohio Administrative Code, and the Village Officer's Handbook as guidance in preparing and maintaining the required accounting records. These resources can be found on the Auditor of State's website.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2012-07**

**Noncompliance**

**Ohio Revised Code 731.13** states the legislative authority of a Village shall fix the compensation and bonds of all officers, clerks, etc. and all bonds shall be made with sureties subject to approval of the mayor.

The Village was not able to provide documentation that they obtained appropriate bonding for the Village Fiscal Officer and the Mayor during the audit period. Failure to obtain surety increases the risk of loss of public funds if money is lost or misappropriated.

We recommend the Village obtain adequate bonding for the Fiscal Officer, Mayor and other Village employees as necessary.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2012-08**

**Material Weakness**

**Fund Balance Classification**

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

The assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. This would be applicable to the General Fund as it is the only fund with a positive unassigned fund balance.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**FINDING NUMBER 2012-08 (Continued)**

**Material Weakness (Continued)**

**Fund Balance Classification (Continued)**

The Village did not prepare the annual financial report in accordance with GASB Statement No. 54. Adjustments were recorded to the 2011 and 2012 financial statements to properly classify the ending fund balances in accordance with GASB Statement No. 54.

In order to ensure the Village's governmental fund balances are reported in accordance with GASB 54, we recommend the Village review Auditor of State Bulletin 2011-004.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2012-09**

**Material Weakness**

**Posting Receipts and Disbursements**

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2012 and 2011, several receipts and disbursements were not posted into the accounting system. The following posting errors were noted:

- Debt proceeds and the corresponding capital outlay disbursements were not posted to the accounting records
- Pass-thru money and other grants and the corresponding capital outlay disbursements were not posted to the accounting system.
- Transfers were recorded as receipts and disbursements instead of transfer-in and transfer-out.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

We 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.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2012-10**

**Material Weakness / Noncompliance**

**Destruction of Records**

**Ohio Rev. Code section 149.351(A)** establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2012-10 (Continued)**

**Material Weakness / Noncompliance (Continued)**

**Destruction of Records (Continued)**

The Village did not always present complete Mayor's Court records, however we were able to gain assurances through alternative procedures. This practice and lack of adequate supporting documentation could result in loss of Village funds or personal liability of the Village's Officials.

Inadequate supporting documentation eliminates a significant control point, obscures the audit trail and provides for the opportunity for errors and irregularities occurring and not being detected by management in a timely manner.

We recommend that all Mayors' Court files be supported by the ticket, receipt, and any other supporting documentation to support the payments.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2012-11**

**Significant Deficiency**

**Adequate Controls**

During our testing of Mayor's Court receipts, it was noted that the Village allows community service to be performed in exchange for payment.

The Village did not have adequate controls in place to monitor individuals to ensure the community service was actually performed to pay their debt to the Village.

We recommend the Village have controls in place to monitor community service performed such as time sheets showing the hours worked and a representative from the Village, such as the Mayor or Police Chief, sign off on the time sheet to be included in the ticket file. Also, the individual that performs the community service needs to sign the time sheet showing they have performed the community service.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2012-12**

**Significant Deficiency**

**Policy on Use of Government Property**

During our testing, we noted the Village owns a community center and pays for all expenses on this building. This activity is recorded on the Village's books. A local non-profit organization rents out the building and receives the revenue from the rent.

Lack of Village policy could result in misuse of funds or liability held against the Village.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

**FINDING NUMBER 2012-12 (Continued)**

**Significant Deficiency (Continued)**

**Policy on Use of Government Property (Continued)**

We recommend that the Village enact a policy governing the use of government property to provide for proper management monitoring and control.

**Management's Response** – We did not receive a response from officials to this finding.



**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	ORC 5705.10 – Negative fund balances	No	Repeated as Finding 2012-01
2010-002	ORC 5705.39 – Appropriations exceeded estimates resources	No	Repeated as Finding 2012-04
2010-003	ORC 5705.41(B) – Disbursements exceeded appropriations	No	Repeated as Finding 2012-04
2010-004	ORC 5705.41(D) – Expenditures were made without the fiscal officer’s prior certification	No	Repeated as Finding 2012-04
2010-005	ORC 733.28 – Not maintaining accurate accounting records	No	Repeated as Finding 2012-06
2010-006	ORC 733.40 – Mayor’s court monies not remitted timely	No	Repeated as Finding 2012-03

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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 3, 2013