



Dave Yost • Auditor of State

VILLAGE OF STRYKER
WILLIAMS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Stryker
Williams County
P.O. Box 404
Stryker, Ohio 43557-0404

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Stryker, Williams County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principle

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

Although, the effects on the financial statements of the variances between the regulatory basis of accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Stryker, Williams County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

June 1, 2015

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$46,866	\$6,730		\$53,596
Municipal Income Tax	233,925		\$166,819	400,744
Intergovernmental	44,695	83,116		127,811
Special Assessments	1,513	14,718		16,231
Charges for Services	250			250
Fines, Licenses and Permits	20,450	26		20,476
Earnings on Investments	339	26		365
Miscellaneous	8,695			8,695
<i>Total Cash Receipts</i>	<u>356,733</u>	<u>104,616</u>	<u>166,819</u>	<u>628,168</u>
Cash Disbursements				
Current:				
Security of Persons and Property	244,432	462		244,894
Public Health Services	1,983			1,983
Basic Utility Services	234			234
Transportation		107,210		107,210
General Government	155,494			155,494
Capital Outlay	2,640		127,043	129,683
Debt Service:				
Principal Retirement			122,536	122,536
Interest and Fiscal Charges			32,769	32,769
<i>Total Cash Disbursements</i>	<u>404,783</u>	<u>107,672</u>	<u>282,348</u>	<u>794,803</u>
<i>Excess of Disbursements over Receipts</i>	<u>(48,050)</u>	<u>(3,056)</u>	<u>(115,529)</u>	<u>(166,635)</u>
Other Financing Receipts				
Sale of Capital Assets	7,101			7,101
<i>Net Change in Fund Cash Balances</i>	(40,949)	(3,056)	(115,529)	(159,534)
<i>Fund Cash Balances, January 1</i>	<u>169,139</u>	<u>57,251</u>	<u>307,028</u>	<u>533,418</u>
Fund Cash Balances, December 31				
Restricted		54,195	191,499	245,694
Assigned	41,322			41,322
Unassigned	86,868			86,868
<i>Fund Cash Balances, December 31</i>	<u><u>\$128,190</u></u>	<u><u>\$54,195</u></u>	<u><u>\$191,499</u></u>	<u><u>\$373,884</u></u>

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

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$516,702
Operating Cash Disbursements	
Personal Services	164,239
Employee Fringe Benefits	66,638
Contractual Services	16,817
Supplies and Materials	138,998
Other	4,265
<i>Total Operating Cash Disbursements</i>	390,957
<i>Operating Income</i>	125,745
Non-Operating Receipts (Disbursements)	
Special Assessments	876
Principal Retirement	(54,441)
Interest and Other Fiscal Charges	(14,559)
<i>Total Non-Operating Receipts (Disbursements)</i>	(68,124)
<i>Net Change in Fund Cash Balances</i>	57,621
<i>Fund Cash Balances, January 1</i>	136,872
<i>Fund Cash Balances, December 31</i>	\$194,493

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

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$43,180	\$6,986		\$50,166
Municipal Income Tax	253,487		\$174,486	427,973
Intergovernmental	47,729	67,806		115,535
Special Assessments		15,237		15,237
Charges for Services	1,375			1,375
Fines, Licenses and Permits	19,970	290		20,260
Earnings on Investments	411	48		459
Miscellaneous	10,117	6,365		16,482
<i>Total Cash Receipts</i>	<u>376,269</u>	<u>96,732</u>	<u>174,486</u>	<u>647,487</u>
Cash Disbursements				
Current:				
Security of Persons and Property	244,063	670		244,733
Public Health Services	1,767			1,767
Basic Utility Services	441			441
Transportation		113,809		113,809
General Government	174,969			174,969
Capital Outlay	1,000		163,125	164,125
Debt Service:				
Principal Retirement			59,940	59,940
Interest and Fiscal Charges			21,060	21,060
<i>Total Cash Disbursements</i>	<u>422,240</u>	<u>114,479</u>	<u>244,125</u>	<u>780,844</u>
<i>Excess of Disbursements over Receipts</i>	<u>(45,971)</u>	<u>(17,747)</u>	<u>(69,639)</u>	<u>(133,357)</u>
Other Financing Receipts				
Sale of Capital Assets	7,102			7,102
<i>Net Change in Fund Cash Balances</i>	<u>(38,869)</u>	<u>(17,747)</u>	<u>(69,639)</u>	<u>(126,255)</u>
<i>Fund Cash Balances, January 1</i>	<u>208,008</u>	<u>74,998</u>	<u>376,667</u>	<u>659,673</u>
Fund Cash Balances, December 31				
Restricted		57,251	307,028	364,279
Assigned	40,724			40,724
Unassigned	128,415			128,415
<i>Fund Cash Balances, December 31</i>	<u>\$169,139</u>	<u>\$57,251</u>	<u>\$307,028</u>	<u>\$533,418</u>

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

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$503,224
Miscellaneous	156
	<u>503,380</u>
<i>Total Operating Cash Receipts</i>	<u>503,380</u>
Operating Cash Disbursements	
Personal Services	172,969
Employee Fringe Benefits	73,868
Contractual Services	41,714
Supplies and Materials	79,548
Other	15,380
	<u>383,479</u>
<i>Total Operating Cash Disbursements</i>	<u>383,479</u>
<i>Operating Income</i>	<u>119,901</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	2,393
Principal Retirement	(105,080)
Interest and Other Fiscal Charges	(36,920)
	<u>(139,607)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(139,607)</u>
<i>Net Change in Fund Cash Balances</i>	(19,706)
<i>Fund Cash Balances, January 1</i>	<u>156,578</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$136,872</u></u>

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, 2014 AND 2013**

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, street maintenance, and police 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits 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.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

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 Fund:

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

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Capital Improvement Fund – This fund receives proceeds of the .5 percent income tax for capital projects. These funds are used to construct or obtain permanent improvements to Village land and property.

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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

VILLAGE OF STRYKER
WILLIAMS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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.

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.

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and investments. The carrying amount of deposits at December 31 was as follows:

	2014	2013
Demand deposits	\$568,377	\$670,290

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$368,338	\$363,834	(\$4,504)
Special Revenue	104,455	104,616	161
Capital Projects	169,000	166,819	(2,181)
Enterprise	480,400	517,578	37,178
Total	\$1,122,193	\$1,152,847	\$30,654

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$412,650	\$405,871	\$6,779
Special Revenue	131,467	107,852	23,615
Capital Projects	293,982	282,430	11,552
Enterprise	497,472	459,957	37,515
Total	\$1,335,571	\$1,256,110	\$79,461

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$400,000	\$383,371	(\$16,629)
Special Revenue	90,300	96,732	6,432
Capital Projects	169,000	174,486	5,486
Enterprise	462,900	505,773	42,873
Total	\$1,122,200	\$1,160,362	\$38,162

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$448,720	\$422,240	\$26,480
Special Revenue	146,110	114,479	31,631
Capital Projects	435,100	244,125	190,975
Enterprise	568,900	525,479	43,421
Total	\$1,598,830	\$1,306,323	\$292,507

Contrary to the Ohio law, In 2014, water collections in the amount of \$13,826 were credited to the sewer fund instead of the water fund.

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.

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 one and a half 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.

**VILLAGE OF STRYKER
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. DEBT

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$500,929	7.56%

The Ohio Water Development Authority (OWDA) loan relates to sewer line improvements and a sewer loan project the Ohio Environmental Protection Agency mandated. 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 twenty five years. Sewer and income tax receipts collateralize the loan. The Village has agreed to set utility rates and obtain general resources sufficient to cover OWDA debt service requirements.

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

Year ending December 31:	OWDA Loan
2015	\$224,305
2016	260,360
2017	283,174
2018	120,825
Total	\$888,664

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 2013, OP&F participants contributed 10% of their wages until July when the rate was increased to 10.75%. In 2014, OP&F participants contributed 10.75% of their wages until July when the rates increased to 11.5%. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

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.



Dave Yost • Auditor of State

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

Village of Stryker
Williams County
P.O. Box 404
Stryker, Ohio 43557-0404

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 Stryker, Williams County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 1, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

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 2014-002 described in the accompanying schedule of findings to a significant deficiency.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-002.

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.



Dave Yost
Auditor of State

Columbus, Ohio

June 1, 2015

**VILLAGE OF STRYKER
WILLIAMS COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness – Fund Classification

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

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 such as encumbrance within the general fund. When appropriation measures are adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource (appropriated for general fund uses or appropriations exceed estimated receipts), then that portion of fund balance should be classified as assigned.

A portion of the general fund should be designated as assigned for a budgetary resource in the total amount of \$41,322 and \$40,724 at December 31, 2014 and 2013. Adjustments were recorded to the financial statements to classify a portion of the fund balance as assigned. This was caused by a lack of understanding of the requirements of GASB 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.

FINDING NUMBER 2014-002

Noncompliance Citation – Significant Deficiency

Ohio Rev. Code § 5705.10(D) requires all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose shall be paid into a special fund for such purpose.

In 2014, water collections in the amount of \$13,826 were credited to the sewer fund instead of the water fund.

Adjustments were recorded to the financial statements and the Village's accounting system, to correct this error. This was due to insufficient financial statement over-site.

We recommend the Village Fiscal Officer compare amounts collected according to the utility billing system and accounting system, to ensure amounts are recorded to the proper fund.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

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Dave Yost • 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
JUNE 23, 2015**