



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Village of New Straitsville  
Perry County  
P.O. Box 220  
New Straitsville, Ohio 43766

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of New Straitsville, Perry County, Ohio (the Village), as of and for the year ended December 31, 2018 and 2017.

### ***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 § 117.38 and Ohio Administrative Code § 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

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

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 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, 2018 and 2017, and the respective changes in financial position thereof for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of New Straitsville, Perry County; Ohio, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 30, 2019

**Village of New Straitsville, Ohio***Perry County**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2018*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$25,709	\$47,918	\$73,627
Intergovernmental	22,551	47,626	70,177
Charges for Services	98	37,551	37,649
Fines, Licenses and Permits	80	0	80
Earnings on Investments	724	121	845
Miscellaneous	61	15,966	16,027
<i>Total Cash Receipts</i>	<u>49,223</u>	<u>149,182</u>	<u>198,405</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	0	75,184	75,184
Leisure Time Activities	0	2,336	2,336
Transportation	0	18,313	18,313
General Government	27,973	24,240	52,213
Debt Service:			
Principal Retirement	0	1,704	1,704
<i>Total Cash Disbursements</i>	<u>27,973</u>	<u>121,777</u>	<u>149,750</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>21,250</u>	<u>27,405</u>	<u>48,655</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	0	21,000	21,000
Transfers Out	(21,000)	0	(21,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(21,000)</u>	<u>21,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	250	48,405	48,655
<i>Fund Cash Balances, January 1</i>	<u>27,101</u>	<u>103,476</u>	<u>130,577</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	151,881	151,881
Unassigned (Deficit)	27,351	0	27,351
<i>Fund Cash Balances, December 31</i>	<u>\$27,351</u>	<u>\$151,881</u>	<u>\$179,232</u>

*See accompanying notes to the basic financial statements*

**Village of New Straitsville, Ohio**  
*Perry County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2018*

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$348,166
<i>Total Operating Cash Receipts</i>	<u>348,166</u>
<b>Operating Cash Disbursements</b>	
Personal Services	54,412
Employee Fringe Benefits	7,580
Contractual Services	178,954
Supplies and Materials	36,728
Other	290
<i>Total Operating Cash Disbursements</i>	<u>277,964</u>
<i>Operating Income (Loss)</i>	<u>70,202</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	847,531
Loans Issued	680,014
Miscellaneous Receipts	1,350
Capital Outlay	(1,075,481)
Principal Retirement	(519,330)
Interest and Other Fiscal Charges	(50,442)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(116,358)</u>
<i>Income (Loss) before Transfers</i>	(46,156)
Transfers In	92,400
Transfers Out	(92,400)
<i>Net Change in Fund Cash Balances</i>	(46,156)
<i>Fund Cash Balances, January 1</i>	<u>104,235</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$58,079</u></u>

*See accompanying notes to the basic financial statements*



**VILLAGE OF NEW STRAITSVILLE**  
**PERRY COUNTY**

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

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

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village is 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 are collected by Perry County, and distributed to the Union Cemetery. The Union Cemetery is a legally separate entity that prepares and files its own financial statements. The financial activity of the Union Cemetery is not included in the accompanying financial statements. The Auditor of State performs independent audits of the Union Cemetery.

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

Public Entity Risk Pool:

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

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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

***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*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Water Construction Fund*** The water construction fund receives grants and loans for the waterline replacement phase 2 project.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

**VILLAGE OF NEW STRAITSVILLE**  
**PERRY COUNTY**

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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 2018 budgetary activity appears in Note 4.

**Deposits and Investments**

The Village maintains all funds in a local checking account and a Money Market account in 2018.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

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

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

**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 NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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

**Note 3 - Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority and appropriations exceeded estimated resources in several funds for the year ended December 31, 2018. Also contrary to Ohio law, at December 31, 2018, the Water Operating and Water Construction funds had cash deficit balances.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,440	\$49,223	\$7,783
Special Revenue	108,295	170,182	61,887
Enterprise	444,000	1,969,461	1,525,461
Total	\$593,735	\$2,188,866	\$1,595,131

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$28,605	\$48,973	(\$20,368)
Special Revenue	119,812	121,777	(1,965)
Enterprise	355,153	2,015,617	(1,660,464)
Total	\$503,570	\$2,186,367	(\$1,682,797)

**Note 5 – 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:

	2018
Demand deposits	\$237,311

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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**Note 6 – Taxes**

***Property Taxes***

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

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

**Note 7 – Risk Management**

***Risk Pool Membership***

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

**Note 8 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018.

**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Sewer System Mortgage Bond 92-01	\$1,028,000	3.25%
Sewer System Mortgage Bond 92-03	208,000	3.25%
OWDA #3939 - Elevated Storage Tank	90,883	3.25%
OWDA #6246 - Waterline and Meter Replacement	324,694	3.45%
OWDA #6284 - Generator Installation	17,906	1.50%
OWDA #7954 - Waterline Replacement Phase 2	280,690	1.28%
OPWC #CR04C - Water Storage Tank Replacement	5,085	2.00%
Peoples National Bank - Polaris Ranger	9,870	5.00%
Total	\$1,965,128	

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

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

The OWDA Waterline & Meter Replacement loan relates to the Village's waterline & meter replacement project with semi-annual payments of \$11,991 payable from the Water Fund.

The OWDA Generator Installation loan relates to the Village's generator installation project with semi-annual payments of \$438 payable from the Sewer Fund.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

The OWDA Waterline Replacement Phase 2 loan relates to a new waterline project that began in 2016. The construction loan in 2018 paid off the planning loan that began in 2016. The project and loan is still ongoing as of December 31, 2018, therefore an amortization schedule and repayment terms were not available.

The OPWC Water Storage Tank Replacement loan relates to a water storage tank project with semi-annual payments of \$487 payable from the Water Fund.

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

**Amortization**

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

Year Ending December 31:	USDA Bonds 92-01	Elevated Storage Tank	Waterline & Meter Replacement	Genrator Installation	Water Storage Tank Replacement	Polaris Ranger
2019	\$82,170	\$6,788	\$16,317	\$876	\$975	\$5,028
2020	81,805	6,788	16,317	876	975	5,028
2021	81,408	6,788	16,317	876	975	419
2022	81,977	6,788	16,317	876	975	
2023	82,483	6,788	16,317	876	975	
2024-2028	411,940	33,943	81,585	4,380	575	
2029-2033	410,375	33,943	81,585	4,380		
2034-2038	410,912		81,585	4,380		
2039-2043	81,568		81,585	3,942		
2044			8,159			
Total	<u>\$1,724,638</u>	<u>\$101,826</u>	<u>\$416,084</u>	<u>\$21,462</u>	<u>\$5,450</u>	<u>\$10,475</u>

**Note 11 – Transfers**

During 2018 the following transfers were made:

	Transfers-In	Transfers-Out
General Fund	\$	\$ (21,000)
Police Fund	21,000	
Sewer Fund		(92,400)
Sewer Payment Fund	84,000	
Sewer Reserve Fund	8,400	
	<u>\$ 113,400</u>	<u>\$ (113,400)</u>

The Village transferred \$7,000 per month from the Sewer Fund to the Sewer Payment Fund per the agreement with USDA for January through December. The Village transferred \$700 each month from the Sewer Fund to the Sewer Reserve Fund to build reserves for the annual debt payment. The Village also transferred \$21,000 from the General Fund to the Police Fund to eliminate the deficit in the Police Fund. Transfers were deemed allowable and in compliance with Ohio Rev. Code.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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**Note 12 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 13 – Deficit Fund Balances**

The Village had deficit fund balances of \$66,733 in the Water Fund and \$2,665 in the Water Construction Fund.



**Village of New Straitsville, Ohio***Perry County**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2017*

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$24,105	\$61,684	\$85,789
Intergovernmental	22,199	43,031	65,230
Charges for Services	95	36,770	36,865
Fines, Licenses and Permits	50	0	50
Earnings on Investments	15	15	30
Miscellaneous	1,176	8,254	9,430
<i>Total Cash Receipts</i>	<u>47,640</u>	<u>149,754</u>	<u>197,394</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	0	75,015	75,015
Leisure Time Activities	0	5,533	5,533
Transportation	0	26,433	26,433
General Government	29,926	12,159	42,085
Debt Service:			
Principal Retirement	0	2,425	2,425
<i>Total Cash Disbursements</i>	<u>29,926</u>	<u>121,565</u>	<u>151,491</u>
<i>Net Change in Fund Cash Balances</i>	17,714	28,189	45,903
<i>Fund Cash Balances, January 1</i>	<u>9,387</u>	<u>75,287</u>	<u>84,674</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	120,530	120,530
Unassigned (Deficit)	27,101	(17,054)	10,047
<i>Fund Cash Balances, December 31</i>	<u>\$27,101</u>	<u>\$103,476</u>	<u>\$130,577</u>

*See accompanying notes to the basic financial statements*

**Village of New Straitsville, Ohio**  
*Perry County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2017*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$357,561	\$0	\$357,561
<i>Total Operating Cash Receipts</i>	<u>357,561</u>	<u>0</u>	<u>357,561</u>
<b>Operating Cash Disbursements</b>			
Personal Services	35,974	0	35,974
Employee Fringe Benefits	4,231	0	4,231
Contractual Services	176,423	0	176,423
Supplies and Materials	27,657	0	27,657
Other	804	0	804
<i>Total Operating Cash Disbursements</i>	<u>245,089</u>	<u>0</u>	<u>245,089</u>
<i>Operating Income (Loss)</i>	<u>112,472</u>	<u>0</u>	<u>112,472</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Loans Issued	22,345		22,345
Miscellaneous Receipts	1,352	0	1,352
Capital Outlay	(9,253)	0	(9,253)
Principal Retirement	(60,638)	0	(60,638)
Interest and Other Fiscal Charges	(51,971)	0	(51,971)
Other Financing Sources	0	671	671
Other Financing Uses	0	(906)	(906)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(98,165)</u>	<u>(235)</u>	<u>(98,400)</u>
<i>Income (Loss) before Transfers</i>	14,307	(235)	14,072
Transfers In	92,400	0	92,400
Transfers Out	(92,400)	0	(92,400)
<i>Net Change in Fund Cash Balances</i>	14,307	(235)	14,072
<i>Fund Cash Balances, January 1</i>	<u>89,928</u>	<u>235</u>	<u>90,163</u>
<i>Fund Cash Balances, December 31</i>	<u>\$104,235</u>	<u>\$0</u>	<u>\$104,235</u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

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

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Village is 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 are collected by Perry County, and distributed to the Union Cemetery. The Union Cemetery is a legally separate entity that prepares and files its own financial statements. The financial activity of the Union Cemetery is not included in the accompanying financial statements. The Auditor of State performs independent audits of the Union Cemetery.

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

Public Entity Risk Pool:

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

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

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

***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*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Sewer Payment Fund*** The sewer payment fund receives transfers from the Sewer Fund to pay annual debt payments to USDA Rural Development.

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court fines and forfeitures. The Village's Mayor's Court was inactive in 2017.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2017 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village maintains all funds in a local checking account. The Village also opened a Money Market account in 2017.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

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

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

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

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

**Note 3 - Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority and appropriations exceeded estimated resources in several funds for the year ended December 31, 2017. Also contrary to Ohio law, at December 31, 2017, the Street Construction, Maintenance and Repair, Police, Water Operating and Water Construction funds had cash deficit balances.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,790	\$47,640	\$1,850
Special Revenue	93,357	149,754	56,397
Enterprise	360,000	473,658	113,658
Total	\$499,147	\$671,052	\$171,905

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,000	\$29,926	\$15,074
Special Revenue	118,450	121,565	(3,115)
Enterprise	492,400	480,572	11,828
Total	\$655,850	\$632,063	\$23,787

**VILLAGE OF NEW STRAITSVILLE**  
**PERRY COUNTY**

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – 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:

	2017
Demand deposits	<u>\$234,812</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Taxes**

***Property Taxes***

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

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

**Note 7 – Risk Management**

***Risk Pool Membership***

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

Pursuant to § 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 Year Ended December 31, 2017*

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OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

*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 equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

**Note 8 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.



**VILLAGE OF NEW STRAITSVILLE**  
**PERRY COUNTY**

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2017.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sewer System Mortgage Bond 92-01	\$1,062,000	3.25%
Sewer System Mortgage Bond 92-03	215,000	3.25%
OWDA #3939 - Elevated Storage Tank	96,248	3.25%
OWDA #6246 - Waterline and Meter Replacement	334,372	3.45%
OWDA #6284 - Generator Installation	18,506	1.50%
OWDA #7308 - Waterline Replacement Phase 2	59,376	1.28%
OPWC #CR04C - Water Storage Tank Replacement	5,513	2.00%
Peoples National Bank - Polaris Ranger	14,350	5.00%
Total	<u><u>\$1,805,365</u></u>	

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

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

The OWDA Waterline & Meter Replacement loan relates to the Village's waterline & meter replacement project with semi-annual payments of \$11,991 payable from the Water Fund.

The OWDA Generator Installation loan relates to the Village's generator installation project with semi-annual payments of \$438 payable from the Sewer Fund.

The OWDA Waterline Replacement Phase 2 loan relates to a new waterline project that began in 2016. The project and loan is still ongoing as of December 31, 2017, therefore an amortization schedule and repayment terms were not available.

The OPWC Water Storage Tank Replacement loan relates to a water storage tank project with semi-annual payments of \$487 payable from the Water Fund.

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

*Notes to the Financial Statements  
For the Year Ended December 31, 2017*

***Amortization***

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

Year Ending December 31:	USDA Bonds 92-01	Elevated Storage Tank	Waterline & Meter Replacement	Genrator Installation	Water Storage Tank Replacement	Polaris Ranger
2018	\$82,502	\$6,788	\$16,317	\$876	\$487	\$5,028
2019	82,170	6,788	16,317	876	975	5,028
2020	81,805	6,788	16,317	876	975	5,028
2021	81,408	6,788	16,317	876	975	419
2022	81,977	6,788	16,317	876	975	
2023-2027	412,260	33,943	81,585	4,380	1,549	
2028-2032	410,060	33,943	81,585	4,380		
2033-2037	411,320	6,789	81,585	4,380		
2038-2042	163,638		81,585	4,380		
2043-2044			24,476	438		
Total	<u>\$1,807,140</u>	<u>\$108,615</u>	<u>\$432,401</u>	<u>\$22,338</u>	<u>\$5,936</u>	<u>\$15,503</u>

**Note 11 – Transfers**

During 2017 the following transfers were made:

	Transfers-In	Transfers-Out
Sewer Fund		(\$92,400)
Sewer Payment Fund	\$84,000	
Sewer Reserve Fund	8,400	
	<u>\$92,400</u>	<u>(\$92,400)</u>

The Village transferred \$7,000 per month from the Sewer Fund to the Sewer Payment Fund per the agreement with USDA for January through December. The Village transferred \$700 each month from the Sewer Fund to the Sewer Reserve Fund to build reserves for the annual debt payment. Transfers were deemed allowable and in compliance with Ohio Rev. Code.

**Note 12 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 13 – Deficit Fund Balances**

The Village had deficit fund balances of \$8,353 in the Street Construction, Maintenance and Repair Fund, \$8,700 in the Police Fund, \$22,504 in the Water Fund and \$5,053 in the Water Construction Fund.

# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

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

Village of New Straitsville  
Perry County  
P.O. Box 220  
New Straitsville, Ohio 43766

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of New Straitsville, Perry County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2018-005 and 2018-006 to be material weaknesses.

***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 Findings as items 2018-001 through 2018-004.

***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 30, 2019

VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

**Noncompliance**

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

The Village had negative balances at December 31, 2018 as follows:

<u>Fund</u>	<u>Deficit Balance</u>
Water Operating	(\$66,733)
Water Construction	(2,665)

The Village had negative balances at December 31, 2017 as follows:

<u>Fund</u>	<u>Deficit Balance</u>
Street Construction, Maintenance and Repair	(\$8,354)
Police	(8,700)
Water Operating	(22,504)
Water Construction	(5,053)

There were also negative fund balances noted throughout both years. 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.

**Officials' Response:** The negative balance in the Water Operating & Water Construction fund was due to the start of a Waterline Replacement Phase 2 project which was covered by ARC grant, CDBG and EPA loan/grant. Prior to starting the project the Village had a huge water leak that was losing thousands of dollars of water daily. Village Administrator got permission to get this fixed with the understanding that the Village would be reimbursed out of the funds. CDBG and ARC funds could not be used to reimburse for a project prior to the EPA loan approval. Village Council was made aware of the problem but was told we would be reimbursed once the project was completed, we are still waiting on that reimbursement. Now that the project is completed, the Council will have a rate study conducted to see if it is necessary to raise the current water rates.

Clerk did not understand about Capital Improvements/Water Construction--that money was to be placed in that fund before disbursement. Clerk had paid engineering cost out of Water operating fund before any of the construction funding had come into the village. Clerk did not understand how to do advancing to explain it to the Council. This has been a learning experience and better understanding is still being obtained.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)**

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

**FINDING NUMBER 2018-001 (Continued)**

**Officials Response (Continued):** Negative balances in Dec 2017--clerk had not properly identified expenses that had to be split between certain funds. (like: gas--fuel because the village vehicle is used for street, water and sewer repairs, the cost is to be split). Also the Police department had a big negative balance from prior staff without enough property tax monies to cover. The Village just passed a renewal of one of our Police levies and the Council is planning to have the other levy up for renewal this next spring. By renewing these levies, the Police Department would be able to maintain its expenses.

Current Fiscal Officer is monitoring each fund to prevent excessive future expenditures, which leads to negative fund balances. Fiscal Officer is recognizing proper distribution of expenses.

**FINDING NUMBER 2018-002**

**Noncompliance**

**Ohio Rev. Code § 5705.39** provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official certificate.

Appropriations exceeded estimated resources at December 31, 2018 as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
Street Construction, Maintenance and Repair	\$29,752	\$39,663	(\$9,911)
Police	2,174	19,118	(16,944)
Water Operating	147,453	202,159	(54,706)

Appropriations exceeded estimated resources at December 31, 2017 as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
Delyn	(\$7,390)	\$1,500	(\$8,890)
Fire Department	59,332	80,000	(20,668)
Police	16,178	20,000	(3,822)
Sewer Operating	181,907	225,000	(43,093)
Sewer Payment	0	84,000	(84,000)

This could result in overspending of available resources.

The Fiscal Officer should monitor the approved appropriations to ensure they do not exceed the estimated resources on the amended certificates.

**Officials' Response:** Currently, the Fiscal Officer is monitoring each fund to prevent excessive expenditures.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)**

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

**FINDING NUMBER 2018-003**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

At December 31, 2018, expenditures exceeded appropriations, as follows:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$28,605	\$48,973	(\$20,368)
Street Construction, Maintenance and Repair	39,663	41,205	(1,542)
State Highway	1,290	3,052	(1,762)
Police	19,118	23,439	(4,321)
Water Operating	202,159	214,495	(12,336)
Water Construction	0	1,525,157	(1,525,157)
Sewer Operating	69,994	193,462	(123,468)

At December 31, 2017, expenditures exceeded appropriations, as follows:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Street Construction, Maintenance and Repair	\$9,000	\$39,668	(\$30,668)
State Highway	1,200	1,291	(91)
Parks	1,500	5,442	(3,942)
Delyn	1,500	1,538	(38)
EMS	3,000	5,666	(2,666)
Water Operating	175,000	225,245	(50,245)
Water Construction	0	9,253	(9,253)

The practice of allowing expenditures to exceed appropriations could result in negative fund balances.

The Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, Village Council should adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

**Official's Response:** Fiscal Officer is still having difficulties understanding appropriations.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-004**

**Noncompliance**

**Ohio Rev. Code § 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. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 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 \$100 for counties may be paid by the fiscal officer without a resolution 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 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 (50%) of the transactions tested 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.

In 2017, there were unrecorded encumbrances in the Water Operating fund in the amount of \$21,221.



VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)

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

FINDING NUMBER 2018-004 (Continued)

**Noncompliance (Continued)**

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

The fiscal officer should certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 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.

**Official's Response:** At the beginning of FY2019, the Fiscal Officer was able to get Council to approve Purchase Orders for our regular expenses which allowed better control but there are still areas that need to be set up and the Fiscal Officer will be requesting Council to set those limits.

FINDING NUMBER 2018-005

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)**

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

**FINDING NUMBER 2018-005 (Continued)**

**Material Weakness (Continued)**

At December 31, 2018, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

Fund	Approved Amount	UAN Amount	Variance
General	\$41,440	\$50,012	(\$8,572)
Street Construction, Maintenance and Repair	39,541	68,013	(28,472)
State Highway	1,400	1,890	(490)
Fire Department	36,598	13,198	23,400
Water Operating	180,000	182,569	(2,569)
Water Construction	0	1,405,435	(1,405,435)
Sewer Operating	180,000	179,249	751

At December 31, 2017, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

Fund	Approved Amount	UAN Amount	Variance
Recreation	\$3,900	\$3,683	\$217
Mayor's Court	3,000	0	3,000

At December 31, 2018, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

Fund	Approved Amount	UAN Amount	Variance
General	\$28,605	\$49,212	(\$20,607)
Street Construction, Maintenance and Repair	39,663	41,161	(1,498)
State Highway	1,290	3,100	(1,810)
Parks	2,310	2,000	310
Delyn	1,537	1,456	81
Fire Department	50,229	60,202	(9,973)
EMS	5,665	5,650	15
Police	19,118	1,773	17,345
Water Operating	202,159	191,276	10,883
Water Construction	0	1,405,435	(1,405,435)
Sewer Operating	69,994	193,250	(123,256)
Sewer Payment	83,000	82,503	497

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)**

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

**FINDING NUMBER 2018-005 (Continued)**

**Material Weakness (Continued)**

At December 31, 2017, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

Fund	Approved Amount	UAN Amount	Variance
General	\$45,000	\$45,605	(\$605)
Street Construction, Maintenance and Repair	9,000	5,001	3,999
State Highway	1,200	3,120	(1,920)
Parks	1,500	8,885	(7,385)
Delyn	1,500	5,905	(4,405)
Recreation	1,500	2,103	(603)
Fire Department	80,000	95,880	(15,880)
EMS	3,000	9,000	(6,000)
Police	20,000	9,501	10,499
Computer	750	3,050	(2,300)
Water Operating	175,000	40,001	134,999
Sewer Operating	225,000	126,862	98,138
Sewer Payment	84,000	0	84,000
Sewer Reserve	8,400	0	8,400

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificates of Estimated Resources (and/or amendments thereof) were not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**Official's Response:** Village Council is given at every meeting the Revenue Status, Fund Status and Appropriation Status for their review. Estimated Resources are given to the Council when received.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-006**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

As a result of the audit procedures performed, the financial statements had the following errors that required audit adjustments or reclassifications:

In 2018:

- Intergovernmental receipts were posted as taxes resulting in taxes being overstated and intergovernmental receipts being understated in the General Fund by \$3,901, the Street Construction, Maintenance and Repair (CMR) Fund by \$3,175, the Fire Department Fund by \$1,950, and the Police Fund by \$2,118.
- Intergovernmental receipts were incorrectly allocated among funds resulting in intergovernmental receipts being overstated in the General Fund by \$885 and the Street CMR Fund by \$98 while being understated in the Fire Department Fund by \$201 and the Police Fund by \$752.
- Fire contract receipts were incorrectly posted in the Fire Department Fund resulting in charges for services being understated while miscellaneous receipts were overstated by \$8,200.
- The Mayor's Court Fund should be closed but limited activity was posted to the Mayor's Court Fund instead of the General Fund. As such, General Fund licenses, permits and fees were understated \$65, general government disbursements were understated \$92 and beginning balance was understated \$27 while Mayor's Court Fund beginning balance was overstated \$27, fines, licenses and permits were overstated \$65, charges for services were overstated \$7, other financing uses were overstated \$39 and contractual services were overstated \$60.
- The Street CMR Fund and Parks Fund ending balances were incorrectly recorded as committed which resulted in committed fund balance being overstated and restricted fund balance being understated by \$17,061 in the Street CMR Fund and by \$6,337 in the Parks Fund.
- Water Construction Fund receipts were incorrectly recorded. As such, special assessments were overstated \$359,766 while intergovernmental receipts were understated \$245,331 and loan proceeds were understated \$114,435.
- Loan proceeds were not recorded in the Water Construction Fund. As such, loan proceeds and capital outlay were understated \$166,255.
- A loan with principal forgiveness was not posted in the Water Construction Fund. A portion of this loan was used to pay off a previous loan. As such, loan proceeds were understated \$399,324, capital outlay was understated \$348,972 and principal retirement was understated \$50,352 to record the initial loan. Additionally, intergovernmental revenue and principal retirement were understated \$399,324 when the loan was paid by principal forgiveness.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-006 (Continued)**

**Material Weakness (Continued)**

- Water Construction Fund disbursements were incorrectly recorded in the Water Operating Fund and then corrected by a beginning fund balance adjustment. As such the Water Construction Fund capital outlay was understated and Water Operating Fund contractual services were overstated by \$38,993. The Water Operating Fund beginning balance was overstated and the Water Construction Fund beginning balance was understated by \$42,800.

In 2017:

- Taxes and Intergovernmental receipts were posted to the General Fund as taxes rather than posted among various funds as required by tax settlement sheets resulting the General Fund taxes being overstated \$8,080 while intergovernmental receipts were understated in the Street Construction, Maintenance and Repair (CMR) Fund by \$1,597, the Parks fund by \$782, the Delyn Fund by \$391, the Fire Department Fund by \$1,091, and the Police fund by \$1,463 and Taxes was understated in the Police Fund by \$2,756.
- Intergovernmental receipts were posted as taxes resulting in taxes being overstated and intergovernmental receipts being understated in the General Fund by \$3,844.
- Intergovernmental receipts were incorrectly allocated among funds resulting in intergovernmental receipts being overstated in the General Fund by \$534, the Street CMR Fund by \$160 and the Delyn Fund by \$28 while being understated in the Parks Fund by \$377, the Fire Department Fund by \$23 and the Police Fund by \$322.
- The Recreation Fund had expenditures that should have been paid from the Parks Fund since the Recreation Fund was to have no further activity. This was corrected by doing a beginning fund balance adjustment. As such, the Recreation Fund beginning balance and leisure time activities expenditures were overstated by \$3,382 while the same accounts were understated in the Parks Fund.
- The property insurance payment was incorrectly allocated when initially paid. An analysis was done of the amounts due for each asset and reallocated among the various funds. However, this was done as a fund balance adjustment to beginning fund balance rather than to expenditures. As such, the General Fund beginning balance and general government disbursements were overstated \$8,093, the Police Fund beginning balance and security of persons and property disbursements were overstated by \$523 and the Water Operating Fund beginning balance and contractual services disbursements were overstated by \$1,372 while the Street CMR Fund beginning balance and transportation disbursements were understated \$1,132, the Parks Fund beginning balance and leisure time activities were understated by \$102, the Fire Department Fund beginning balance and security of persons and property were understated by \$6,249, the EMS Fund beginning balance and security of persons and property were understated \$1,218, and the Sewer Operating Fund beginning balance and contractual services were understated \$1,786. Further, the Village did not post the reallocation for the Parks Fund or Delyn Fund resulting in leisure time activities expenditures being overstated by \$250 in each fund.
- The Parks Fund ending balance was incorrectly recorded as committed which resulted in committed fund balance being overstated and restricted fund balance being understated by \$7,427.

VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)

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

FINDING NUMBER 2018-006 (Continued)

Material Weakness (Continued)

- Disbursements were incorrectly recorded in the Mayor's Court Fund rather than the General Fund resulting in General Fund general government being understated and Mayor's Court contractual services being overstated \$317.
- Debt proceeds were incorrectly recorded as charges for services in the Water Operating Fund resulting in charges for services being overstated and Loan Proceeds being understated by \$22,345.
- A debt payment was incorrectly paid from the Mayor's Court Fund instead of the Water Operating Fund and Sewer Operating Fund. This was corrected by posting a beginning fund balance adjustment. This resulted in Mayor's Court Fund beginning balance and other financing uses being overstated \$11,991 while Water Operating Fund principal was understated \$7,353 and interest was understated \$4,200 and Sewer Operating Fund principal was understated \$295 and interest was understated \$143.
- Construction payments were incorrectly recorded in the Water Operating Fund rather than the Water Construction Fund resulting in contractual services in the Water Operating Fund being overstated and capital outlay being understated in the Water Construction Fund by \$9,253.
- A beginning fund balance adjustment was made in the Mayor's Court Fund in the amount of \$200 due to errors in posting which resulted in the beginning balance being understated \$200 while the contractual services expenditures were understated \$114 and fines, licenses and permits were overstated \$86.
- Receipts from Perry County Court were incorrectly posted to the Mayor's Court Fund before distributing to the General Fund resulting in Mayor's Court Fund fines, licenses and permits and contractual services each being overstated \$380.

The audited financial statements and the Village's accounting system have been adjusted for the errors noted above.

The Fiscal Officer should review the Village Officer's Handbook for guidance on the correct line item to post various receipts and disbursements of the Village to ensure the Village's financial statements are complete and accurate. The Fiscal Officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GASB) for proper reporting of fund balances on the financial statements.

**Official's Response:** Clearly the Fiscal Officer needs training and is willing to do whatever is needed to bring the financial statements into compliance. This Fiscal Officer has never had to deal with inputting loans into the UAN properly and would like the proper training to do so.



# Village of New Straitsville

PO Box 238, 114 W. Main Street  
 New Straitsville, Ohio 43766  
 Phone: (740) 394-2425 Fax: (740) 394-2522

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material Weakness regarding errors noted in the financial statements and footnotes	Not Corrected	At the time of the closing of 2016 books, the Fiscal Officer (FO) did not have any clue as to where the information was obtained to do footnotes or the financial statements. The FO did not have any experience with appropriations. The FO has learned the UAN and has been able to navigate with more confidence. The FO did not understand all the information regarding the debt or how to enter it into the UAN properly.
2016-002	Material Weakness regarding the use of a debit card	Corrected	The Village has canceled the debit card.
2016-003	Noncompliance with Ohio Rev. Code § 9.38 regarding lack of timely deposit	Corrected	During the last half of 2016, the FO was working two jobs and many times could not leave the FO job in time to get to the bank before they closed.
2016-004	Noncompliance with Ohio Rev. Code § 733.40 regarding lack of timely payment of Mayor's Court collections	Corrected	The Village has closed the Mayor's Court.
2016-005	Noncompliance with Ohio Rev. Code § 5705.10(I) for having deficit fund balances	Not Corrected	Without assistance from the Village Council, Mayor, or AOS, the FO struggled with revenues and appropriations. The FO tried to read whatever she could and ask questions. The AOS provided assistance in spring 2017 and the FO was shown how to enter the right amounts to submit to the county auditor to be certified. Not understanding encumbering caused extra struggles and difficulties making appropriate purchase orders. By attending the New Village clerk training given by AOS has enabled the FO to understand. Getting acquainted with other local clerks, has allowed the FO a network of people who she can ask a question (if she cannot reach the LGS contact). I still have a lot to learn. I will keep learning and getting the correct procedures.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-006	Noncompliance with Ohio Rev. Code § 5705.39 for appropriations exceeding estimated resources in certain funds	Not Corrected	See Additional Information for finding 2016-005
2016-007	Noncompliance with Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations in certain funds	Not Corrected	See Additional Information for finding 2016-005
2016-008	Noncompliance with Ohio Rev. Code § 5705.41(D) for not properly encumbering	Not Corrected	See Additional Information for finding 2016-005
2016-009	Noncompliance with Ohio Rev. Code § 570514 for incorrectly using transfers to correct posting errors made throughout the year	Corrected	<p>The FO did not fully understand the reasoning behind the transfers. Due to our USDA loan we are required to maintain Sewer reserve fund. The FO was not told about the monthly required transfers until the Waste Water Treatment Plant payment was due in December.</p> <p>The FO did not understand the impact of the transfers on the beginning balances. The 2015-2016 Audit requested that fund adjustments be made and the FO waited to make them when the LGS contact visited. The FO has learned not to use this and now seeks help with corrections.</p>



# OHIO AUDITOR OF STATE KEITH FABER



**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  
JANUARY 9, 2020**