



**Auditor of State  
Betty Montgomery**



VILLAGE OF STRATTON  
JEFFERSON COUNTY

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**Auditor of State  
Betty Montgomery**

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

October 24, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Stratton, Jefferson County, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Stratton, Jefferson County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

October 24, 2005

VILLAGE OF STRATTON  
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$418,407			\$418,407
Intergovernmental Receipts	560,836	\$10,072	\$1,497	572,405
Charges for Services	3,309	14,470		17,779
Fines, Licenses, and Permits	1,390			1,390
Earnings on Investments	1,129			1,129
Miscellaneous	7,365			7,365
Total Cash Receipts	<u>992,436</u>	<u>24,542</u>	<u>1,497</u>	<u>1,018,475</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	60,288			60,288
Public Health Services	40,000			40,000
Leisure Time Activities	96,040			96,040
Basic Utility Services	74,056	44,682		118,738
Transportation	86,058	15,987		102,045
General Government	609,865			609,865
Debt Service:				
Principal Payments	300,361			300,361
Interest Payments	15,425			15,425
Capital Outlay	470,890			470,890
Total Cash Disbursements	<u>1,752,983</u>	<u>60,669</u>		<u>1,813,652</u>
Total Receipts Over/(Under) Disbursements	<u>(760,547)</u>	<u>(36,127)</u>	<u>1,497</u>	<u>(795,177)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Sale of Bonds or Notes	700,000			700,000
Transfers-In		33,000		33,000
Transfers-Out	(33,000)			(33,000)
Other Sources	3,352			3,352
Total Other Financing Receipts/(Disbursements)	<u>670,352</u>	<u>33,000</u>		<u>703,352</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(90,195)	(3,127)	1,497	(91,825)
Fund Cash Balances, January 1	<u>337,753</u>	<u>30,893</u>		<u>368,646</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$247,558</u></b>	<b><u>\$27,766</u></b>	<b><u>\$1,497</u></b>	<b><u>\$276,821</u></b>

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

VILLAGE OF STRATTON  
JEFFERSON COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	\$1,810
Total Non-Operating Cash Receipts	1,810
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	1,810
Total Non-Operating Cash Disbursements	\$1,810
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	
Fund Cash Balances, January 1	
<b>Fund Cash Balances, December 31</b>	<u><u>                    </u></u>

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

VILLAGE OF STRATTON  
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$412,181		\$412,181
Intergovernmental Receipts	558,486	\$9,344	567,830
Charges for Services	1,806	14,886	16,692
Fines, Licenses, and Permits	1,945		1,945
Earnings on Investments	1,964		1,964
Miscellaneous	5,670		5,670
	<hr/>		<hr/>
Total Cash Receipts	982,052	24,230	1,006,282
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	78,596		78,596
Public Health Services	40,000		40,000
Leisure Time Activities	77,468		77,468
Basic Utility Services	72,422	50,547	122,969
Transportation	85,158	9,208	94,366
General Government	608,123		608,123
Capital Outlay	171,807		171,807
	<hr/>		<hr/>
Total Cash Disbursements	1,133,574	59,755	1,193,329
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(151,522)	(35,525)	(187,047)
<b>Other Financing Receipts and (Disbursements):</b>			
Sale of Bonds or Notes	270,000		270,000
Transfers-In		26,500	26,500
Transfers-Out	(26,500)		(26,500)
Other Sources	1,286		1,286
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	244,786	26,500	271,286
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	93,264	(9,025)	84,239
Fund Cash Balances, January 1	244,489	39,918	284,407
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$337,753</b>	<b>\$30,893</b>	<b>\$368,646</b>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$270,000		\$270,000

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

**VILLAGE OF STRATTON  
JEFFERSON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	\$2,425
Total Non-Operating Cash Receipts	2,425
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	2,425
Total Non-Operating Cash Disbursements	\$2,425
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	
Fund Cash Balances, January 1	
<b>Fund Cash Balances, December 31</b>	

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

**VILLAGE OF STRATTON  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**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 Stratton, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

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

*Water Fund* – This fund receives charges from residents to cover some of the cost of providing this utility.

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

**VILLAGE OF STRATTON  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**3. Capital Project Funds**

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

*FEMA Fund* - This fund accounts for grant monies.

**4. Fiduciary Funds (Agency Funds)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

*Mayors Court Fund* – This fund is used to account for fines and costs collected and distributed to the State and to the Village.

**D. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**E. 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.

**VILLAGE OF STRATTON  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2004	2003
Demand deposits	\$276,821	\$368,646
Total deposits	\$276,821	\$368,646

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,583,663	\$1,695,788	\$112,125
Special Revenue	31,817	57,542	25,725
Capital Projects	3,622	1,497	(2,125)
Total	\$1,619,102	\$1,754,827	\$135,725

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,330,753	\$1,785,983	(\$455,230)
Special Revenue	60,893	60,669	224
Capital Projects	0	0	0
Total	\$1,391,646	\$1,846,652	(\$455,006)

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,253,338	\$1,253,338	\$0
Special Revenue	50,730	50,730	0
Total	\$1,304,068	\$1,304,068	\$0

**VILLAGE OF STRATTON  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,256,131	\$1,430,074	(\$173,943)
Special Revenue	80,318	59,755	20,563
Total	\$1,336,449	\$1,489,829	(\$153,380)

Contrary to Ohio law, budgetary expenditures exceeded the appropriation authority in the General fund by \$455,230, in the Water Fund by \$16,344, and in the Sewer Fund by \$12,546 for the year ended December 31, 2004. For the year ended December 31, 2003, budgetary expenditures exceeded the appropriation authority in the General Fund by \$173,943, in the Water Fund by \$4,584 and in the Sewer Fund by \$2,010.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

**5. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Fire Truck Bond	\$219,639	3.34%
Operating Note	450,000	4.35%
Total	\$669,639	

The Fire Truck Bond is for the purchase of a new fire truck for Village fire protection. The Fire Truck collateralizes the bond.

The Operating Note is for general operations of the Village. The Village's taxing authority collateralizes the note.

**VILLAGE OF STRATTON  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**5. DEBT – (Continued)**

Amortization of the above debt, including interest, follows:

<u>Year ending December 31:</u>	<u>Fire Truck Bond</u>	<u>Operating Note</u>
2005	\$59,529	\$101,011
2006	59,529	101,011
2007	59,529	101,011
2008	59,529	101,011
2009	101,011	101,011
Total	<u>\$238,116</u>	<u>\$505,055</u>

**6. RETIREMENT SYSTEMS**

The Village’s law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time 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 the plans’ retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2004.

**7. RISK MANAGEMENT**

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP’s retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**VILLAGE OF STRATTON  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	<u>(16,989,918)</u>	<u>(12,872,985)</u>
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	<u>(544,771)</u>	<u>(792,061)</u>
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>



## Auditor of State Betty Montgomery

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

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

To the Village Council:

We have audited the financial statements of the Village of Stratton, Jefferson County, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 24, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated October 24, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Village's management dated October 24, 2005, we reported another matter related to noncompliance we deemed immaterial.

Village of Stratton  
Jefferson County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 24, 2005

**VILLAGE OF STRATTON  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

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

**FINDING NUMBER 2004-001**

**Non Compliance Citation**

**Ohio Revised § 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The following funds had expenditures which exceeded appropriations in 2004:

<b>Fund</b>	<b>Budgetary Expenditures</b>	<b>Appropriations Authority</b>	<b>Variance</b>
General Fund	\$1,785,983	\$1,330,753	(\$455,230)
Water Fund	\$24,005	\$7,661	(\$16,344)
Nature Work Grant Fund	\$20,678	\$8,132	(\$12,546)

The following funds had expenditures which exceeded appropriations in 2003:

<b>Fund</b>	<b>Budgetary Expenditures</b>	<b>Appropriations Authority</b>	<b>Variance</b>
General	\$1,430,074	\$1,256,131	(\$173,943)
Water Fund	\$25,014	\$20,430	(\$4,584)
Sewer Fund	\$25,532	23,522	(\$2,010)

The Village Clerk/Treasurer should monitor expenditures by comparing the expenditures to appropriations and should approach the Village Council to request amendments to the original appropriations as necessary to guard against overspending.





**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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**VILLAGE OF STRATTON**

**JEFFERSON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 27, 2005**