



**Auditor of State  
Betty Montgomery**



VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

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**Auditor of State  
Betty Montgomery**

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

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 black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

January 13, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of New Straitsville, Perry County, Ohio (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 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 (and 2003), 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 the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reflected 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 of the Village of New Straitsville, Perry County, Ohio, 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 January 13, 2006, 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

January 13, 2006

**VILLAGE OF NEW STRAITSVILLE  
PERRY 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>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$17,843	\$26,095	\$43,938
Intergovernmental Receipts	35,079	256,186	291,265
Charges for Services		78,528	78,528
Fines, Licenses, and Permits	7,190		7,190
Earnings on Investments	3,878	422	4,300
Miscellaneous	6,056	8,482	14,538
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	70,046	369,713	439,759
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	17,470	86,188	103,658
Transportation		33,510	33,510
General Government	69,035		69,035
Debt Service:			
Principal Payments		34,914	34,914
Interest Payments		3,848	3,848
Capital Outlay		259,226	259,226
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	86,505	417,686	504,191
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	(16,459)	(47,973)	(64,432)
<b>Other Financing Receipts/(Disbursements):</b>			
Sale of Bonds or Notes		43,226	43,226
Sale of Fixed Assets	7,000		7,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	7,000	43,226	50,226
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(9,459)	(4,747)	(14,206)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	17,345	53,852	71,197
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$7,886</b>	<hr/> <b>\$49,105</b>	<hr/> <b>\$56,991</b>

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$259,338	\$0	\$259,338
Total Operating Cash Receipts	<u>259,338</u>	<u>0</u>	<u>259,338</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	31,096		31,096
Fringe Benefits	17,455		17,455
Contractual Services	98,302		98,302
Supplies and Materials	18,245		18,245
Capital Outlay	163,789		163,789
Other	9,168		9,168
Total Operating Cash Disbursements	<u>338,055</u>	<u>0</u>	<u>338,055</u>
Operating Income/(Loss)	<u>(78,717)</u>	<u>0</u>	<u>(78,717)</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	73,851		73,851
Proceeds from Notes and Bonds	90,438		90,438
Other Non-Operating Receipts		8,659	8,659
Total Non-Operating Cash Receipts	<u>164,289</u>	<u>8,659</u>	<u>172,948</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service:			
Redemption of Principal	30,612		30,612
Interest and Fiscal Charges	58,722		58,722
Other Non-Operating Disbursements		7,589	7,589
Total Non-Operating Cash Disbursements	<u>89,334</u>	<u>7,589</u>	<u>96,923</u>
Net Receipts Over/(Under) Disbursements	(3,762)	1,070	(2,692)
Fund Cash Balances, January 1	<u>36,906</u>	<u>1,109</u>	<u>38,015</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$33,144</u></b>	<b><u>\$2,179</u></b>	<b><u>\$35,323</u></b>

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY 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	\$18,992	\$18,448	\$37,440
Intergovernmental Receipts	35,953	35,447	71,400
Charges for Services		65,254	65,254
Fines, Licenses, and Permits	12,730		12,730
Earnings on Investments	2,169	338	2,507
Miscellaneous	33,799	16,318	50,117
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	103,643	135,805	239,448
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	35,168	43,981	79,149
Transportation		43,460	43,460
General Government	33,547		33,547
Debt Service:			
Principal Payments	9,429	36,543	45,972
Interest Payments	103	5,544	5,647
Capital Outlay		10,000	10,000
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	78,247	139,528	217,775
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	25,396	(3,723)	21,673
<b>Other Financing Receipts/(Disbursements):</b>			
Sale of Bonds or Notes		10,000	10,000
Sale of Fixed Assets	4,000		4,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	4,000	10,000	14,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	29,396	6,277	35,673
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	(12,051)	47,575	35,524
<b>Fund Cash Balances, December 31</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>\$17,345</b>	<b>\$53,852</b>	<b>\$71,197</b>

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$275,871	\$0	\$275,871
Total Operating Cash Receipts	<u>275,871</u>	<u>0</u>	<u>275,871</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	28,630		28,630
Fringe Benefits	19,896		19,896
Contractual Services	97,471		97,471
Supplies and Materials	15,927		15,927
Capital Outlay	297,367		297,367
Other	11,298		11,298
Total Operating Cash Disbursements	<u>470,589</u>	<u>0</u>	<u>470,589</u>
Operating Income/(Loss)	<u>(194,718)</u>	<u>0</u>	<u>(194,718)</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental Receipts	286,035		286,035
Proceeds from Notes and Bonds	50,131		50,131
Other Non-Operating Receipts		12,925	12,925
Total Non-Operating Cash Receipts	<u>336,166</u>	<u>12,925</u>	<u>349,091</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service:			
Redemption of Principal	69,927		69,927
Interest and Fiscal Charges	58,109		58,109
Other Non-Operating Cash Disbursements		13,222	13,222
Total Non-Operating Cash Disbursements	<u>128,036</u>	<u>13,222</u>	<u>141,258</u>
Net Receipts Over/(Under) Disbursements	13,412	(297)	13,115
Fund Cash Balances, January 1, as restated (see Note 2)	<u>23,494</u>	<u>1,406</u>	<u>24,900</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$36,906</u></u></b>	<b><u><u>\$1,109</u></u></b>	<b><u><u>\$38,015</u></u></b>

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of New Straitsville, Perry County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including maintenance of streets, water and sewer services, police and fire protection services and emergency medical services.

The Village is also affiliated with the Coal Township Union Cemetery. The Board of Trustees of the Union Cemetery is appointed by the Village of New Straitsville and Coal Township. 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. Independent audits of the Union Cemetery are performed by the Auditor of State.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Village Clerk invests all available funds of the Village in an interest-bearing checking account. The Village maintains Mayor's Court activity in a separate bank account.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

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

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

D. **Fund Accounting (Continued)**

2. **Special Revenue Funds**

These funds are used to account for proceeds from specific sources 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 license tax money for constructing, maintaining and repairing Village streets.

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

*Emergency Medical Services Fund* - This fund receives property tax money and contracted services revenue to provide emergency medical services.

3. **Enterprise Funds**

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

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

4. **Fiduciary Fund (Agency Fund)**

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

*Mayor's Court Fund* - This fund accounts for the financial activity of the Mayor's Court.

E. **Budgetary Process**

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

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

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

**E. Budgetary Process (Continued)**

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when 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 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

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

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

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$ 92,314</u>	<u>\$ 109,212</u>

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 16,039	\$ 77,046	\$ 61,007
Special Revenue	383,513	412,939	29,426
Enterprise	299,498	423,627	124,129
Total	\$ 699,050	\$ 913,612	\$ 214,562

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 18,861	\$ 86,505	\$ (67,644)
Special Revenue	308,336	417,686	(109,350)
Enterprise	35,356	427,389	(392,033)
Total	\$ 362,553	\$ 931,580	\$ (569,027)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 49,460	\$ 107,643	\$ 58,183
Special Revenue	98,050	145,805	47,755
Enterprise	225,500	612,037	386,537
Total	\$ 373,010	\$ 865,485	\$ 492,475

**VILLAGE OF NEW STRAITSVILLE  
PERRY 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	\$ 40,000	\$ 78,247	\$ (38,247)
Special Revenue	159,500	139,528	19,972
Enterprise	241,000	598,625	(357,625)
Total	\$ 440,500	\$ 816,400	\$ (375,900)

Contrary to Ohio law, expenditures exceeded appropriations in the General Fund, Street Fund, State Highway Fund, Fire Fund, Police Fund, EMS Fund, Water Fund, and Sewer Fund by \$67,644, \$50,657, \$633, \$15,464, \$20,415, \$22,762, \$87,014, and \$142,684, respectively for the year ended December 31, 2004. Also, expenditures exceeded appropriations in the General Fund, Street Fund, Police Fund, and Sewer Fund by \$38,247, \$27,658, \$23,888 and \$39,178, respectively for the year ended December 31, 2003.

Contrary to Ohio law, total appropriations exceeded available resources in the State Highway Fund, Recreation Fund and Water Deposit Fund by \$1,840, \$11,846 and \$10,446 respectively for the year ended December 31, 2003.

**4. PROPERTY TAX**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sewer System Mortgage Revenue Bonds	\$ 1,703,000	3.25%
OWDA Loan	134,275	1.50%
Vehicle Acquisition Notes	91,655	4.5 - 4.75%
Total	\$ 1,928,930	

The sewer system mortgage revenue bonds were issued in 1999 to refund sewer system temporary revenue bonds that were issued in 1997 as interim financing for the sewer system construction project. The Village has pledged sewer system revenue to pay the mortgage revenue bonds.

The vehicle acquisition notes relate to acquisitions of a fire truck and ambulance. This debt is payable from general revenues of the Village. The full faith and credit of the Village have been pledged to the vehicle acquisition notes.

The OWDA loan was issued on August 28, 2003 and was for the purpose of constructing an elevated storage tank. The Village has pledged water system revenue to pay this loan.

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

<u>Year ending December 31:</u>	<u>Sewer System Mortgage Revenue Bonds</u>	<u>OWDA Loan</u>	<u>Vehicle Acquisition Notes</u>	<u>Total</u>
2005	\$ 81,347	\$ 5,575	\$ 23,337	\$ 110,259
2006	82,503	5,575	22,801	110,879
2007	82,592	5,575	22,265	110,432
2008	82,650	5,575	21,729	109,954
2009	81,675	5,575	21,193	108,443
Subsequent	2,465,223	133,769	0	2,598,992
Total	\$ 2,875,990	\$ 161,644	\$ 111,323	\$ 3,148,957

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees, part time law enforcement officers and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

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

**6. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2004 and 2003, members of PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has not paid all employer contributions for OP&F required through December 31, 2004. As discussed in Note 8, at December 31, 2004, the Village owed \$9,506 to OP&F.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Property;
- Public Officials Liability;
- Errors and omissions.

**8. ABILITY OF THE VILLAGE TO MEET ITS OBLIGATIONS AS THEY COME DUE**

As of December 31, 2004, the Village had the following financial commitments that were unpaid:

1. The Village owed the Ohio Police and Fire Pension Fund \$9,506. As of January 13, 2006; the Village was working with Ohio Police and Fire Employee Retirement System to resolve this outstanding balance.
2. The Village owed the Internal Revenue Service \$8,947 for federal taxes withheld but not paid at December 31, 2004. This amount was paid in full on June 14, 2005.
3. The Village was in arrears regarding required deposits totaling \$40,567 into the sewer reserve account, required by Village Ordinance 99.018. The Village received a grant for a sewer extension in 2005. USDA Rural Development authorized a reserve amount of \$82,160 which resolved the arrears issue regarding Village Ordinance 99.018.

**9. DEFICIT FUND BALANCES**

The Village had deficit fund balances of \$21,476 in the Street Construction, Maintenance and Repair Fund, \$7,093 in the Police Fund and \$24,474 in the Sewer Fund as of December 31, 2004. The Village had deficit fund balances of \$18,214 in the Street Construction, Maintenance and Repair Fund and \$3,985 in the Police Fund as of December 31, 2003. As of December 31, 2005, the Village had unaudited deficit fund balances of \$21,929 in the Street Construction, Maintenance and Repair Fund. During 2005 the Village did not track outstanding obligations and, other than the balance still owed to Ohio Police and file Pension Fund, the Village was unable to determine if any other outstanding obligations exist as of January 13, 2006.

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**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 New Straitsville  
Perry County  
114 Main Street  
P.O. Box 238  
New Straitsville, Ohio 43766

To the Village Council:

We have audited the financial statements of the Village of New Straitsville, Perry County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 13, 2006, 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 in order 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 to be material weaknesses. In a separate letter to the Village's management dated January 13, 2006, 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2004-001 through 2004-012. In a separate letter to the Village's management dated January 13, 2006, we reported other matters related to noncompliance we deemed immaterial.

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Village of New Straitsville  
Perry County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*

We intend this report solely for the information and use of the management and the 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

January 13, 2006

VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003

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

FINDING NUMBER 2004-001

**Noncompliance Citation**

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

The Village had negative fund balances at December 31, 2003 as follows:

<u>Fund</u>	<u>Deficit</u>
Street Construction, Maintenance and Repair	\$18,214
Police	3,985

In addition, the Sewer Fund had a negative fund cash balance of \$2,848 as of November 30, 2003.

The Village had negative fund balances throughout the year and at December 31, 2004 as follows:

<u>Fund</u>	<u>Deficit</u>
Street Construction, Maintenance and Repair	\$21,476
Police	7,093
Sewer	24,474

We recommend the Village monitor their fund balances and, when a deficit occurs and is expected to be temporary (i.e., pending the receipt of a grant, tax settlement, etc), we recommend the Village advance monies from the General Fund until the debtor fund can advance the monies back. In the case of a deficit fund balance for which no return of funds can reasonably be expected, we recommend the Village permanently transfer the monies to cover the deficit.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon the determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Rev. Code Section 5705.36 (A)(3) provides that an increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. Ohio Rev. Code Section 5705.36 (A)(4) provides that a reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

During 2003, the Recreation, Water and Water Deposit Funds had estimated receipts in excess of the actual receipts by \$11,000, \$24,912 and \$10,000 respectively and appropriations exceeded actual resources (actual receipts plus unencumbered cash balances) by \$11,846 in the Recreation Fund and \$10,446 in the Water Deposit Fund. The remaining funds had actual receipts in excess of the estimated receipts. Part of the additional revenue was disbursed by the Village; however, no amendments to estimated resources were obtained and appropriations were not amended as required which resulted in expenditures exceeding appropriations for the funds indicated in Finding Number 2004-005.

During 2004, the Police, Water and Sewer Funds had estimated receipts in excess of the actual receipts by \$1,577, \$3,399 and \$36,761 respectively. The remaining funds had actual receipts in excess of the estimated receipts. Part of the additional revenue within the General and Street Funds were disbursed by the Village; however, no amendments to estimated resources were obtained and appropriations were not amended as required which resulted in expenditures exceeding appropriations for the funds indicated in Finding Number 2004-005.

We recommend the Village Clerk periodically compare actual receipts to estimated receipts. If it becomes apparent that receipts will be greater or less than the estimated amount an amended certificate of estimated resources should be adopted and filed. The related appropriations should then be adjusted in order to prevent deficit spending or to allow any excesses to be spent. In addition, we recommend the Village Council monitor estimated and actual revenues for all funds on a regular basis.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**FINDING NUMBER 2004-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.38 (A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

The Village Council approved the appropriation of the 2002 unencumbered balance as the 2003 temporary appropriations on January 28, 2003. The Village Council approved the appropriation of the 2003 unencumbered balance as the 2004 temporary appropriations on January 12, 2004. No permanent appropriation measure was evidenced as approved in the minutes. Accordingly, the Village lacked the authority to expend funds.

We recommend the Village adopt the temporary appropriation measure either with receipt of the Certificate of Estimated Resources or shortly thereafter. In addition, these measures should be approved on or about the first day of each fiscal year. If a temporary appropriation measure is utilized, the Village should develop and approve a permanent appropriation measure by April 1.

**FINDING NUMBER 2004-004**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated revenue. No appropriation measure shall become 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 estimate.

Appropriations exceeded estimated resources (estimated receipts plus beginning fund balances) at December 31, 2003, in the following funds:

Fund	Resources	Appropriations	Variance
General	\$ 37,409	\$ 40,000	\$ (2,591)
State Highway	2,875	5,000	(2,125)
Fire	65,120	75,000	(9,880)
Police	6,303	7,000	(697)
EMS	57,209	60,000	(2,791)
Recreation	11,654	12,500	(846)
Sewer	68,524	115,000	(46,476)
Water Deposit	10,554	11,000	(446)

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**FINDING NUMBER 2004-004 (Continued)**

**Noncompliance Citation - Ohio Rev. Code Section 5705.39 (Continued)**

Appropriations exceeded estimated resources (estimated receipts plus beginning fund balances) at December 31, 2004, in the following funds:

Fund	Estimated Resources	Appropriations	Variance
Recreation	\$ -	\$ 582	\$ (582)

We recommend the Village complete the required budgetary steps to ensure that the certificate of estimated resources is completed by the County Auditor. We also recommend that once the certificate is received, the Village Clerk monitor appropriations to ensure that appropriations do not exceed estimated resources.

**FINDING NUMBER 2004-005**

**Noncompliance Citation**

Ohio Rev. Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been properly appropriated.

Expenditures exceeded appropriations as of December 31, 2003, in the following funds:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 40,000	\$ 78,247	\$ (38,247)
Street	0	27,658	(27,658)
Police	7,000	30,888	(23,888)
Sewer	115,000	154,178	(39,178)

Expenditures exceeded appropriations as of December 31, 2004, in the following funds:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 18,861	\$ 86,505	\$ (67,644)
Street	(18,213)	32,444	(50,657)
State Highway	433	1,066	(633)
Fire	292,403	307,867	(15,464)
Police	(2,242)	18,173	(20,415)
EMS	35,374	58,136	(22,762)
Water	29,473	116,487	(87,014)
Sewer	4,429	147,113	(142,684)

VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)

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

FINDING NUMBER 2004-005 (Continued)

Noncompliance Citation - Ohio Rev. Section 5705.41(B) (Continued)

We recommend the Village Council review budgetary information on a regular basis to ensure disbursements have not exceeded appropriations at the legal level of control. The Village Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Village Clerk should request Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2004-006

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**1. "Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

**2. Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) 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.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-006 (Continued)**

**Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)**

**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.

One hundred percent of the transactions tested during 2004 and 2003 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.

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 Village Clerk certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 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 Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2004-007**

**Noncompliance Citation**

Internal Revenue Code Chapter 24, Section 3402 (a)(1) provides that every employer making payment of wages shall deduct and withhold upon such wages a tax in accordance with tables or computational procedures prescribed by the Secretary.

In 2004, the Village did not timely remit to the IRS federal income tax withholdings. The Village made a payment to the IRS on June 14, 2005 for all four quarters relating to 2004 and the first two quarters for 2005.

We recommend the Village remit employee federal income tax withholdings monthly and perform reconciliations when preparing the quarterly Form 941.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-008**

**Noncompliance Citation**

Village of New Straitsville Ordinance 99.018 required that commencing January 15, 2000, the Village establish a Sewer Reserve Fund and allocate \$700 per month to this reserve until the fund has accumulated \$84,000, at which time the payments may be discontinued. The Ordinance States that The Reserve Fund shall be maintained in the custody of the Village, and shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the sewer utility which may be caused by an unforeseen catastrophe or for making and extensions or improvements to the sewer utility. Any monies withdrawn from the Reserve Fund must be replaced in order to maintain the required balance.

As of December 31, 2004, the Village had set aside \$9,800 of the required \$25,200 reserve for that year. During 2003, the Village used \$9,600 of the reserve to make their debt payment. As of December 31, 2004, the Village was in arrears \$40,567.

We recommend the Village become current on the amount due the Sewer Reserve Fund and make the required monthly payments to this fund.

**FINDING NUMBER 2004-009**

**Finding For Recovery**

On October 14, 2002, the Village of New Straitsville minute record reflected, in part, that Village Council hired Dodee Lindsey as Village Clerk to work from 7 a.m. to 3 p.m. four days a week (32 hours a week) at \$6.00 per hour.

During the period of October 25, 2002 through April 9, 2003, Dodee Lindsey, former Village Clerk, was paid for 896.50 hours at a pay rate of \$6.50 to \$7.00 per hour for a total gross amount of \$6,234.25. Ms. Lindsey's authorized work week was 32 hours, which totaled 796.50 hours for the same time period. The authorized hours were 102 hours less than the hours actually worked by Ms. Lindsey. In addition, Ms. Lindsey was to be paid \$6.00 per hour for the 796.50 hours, for a total of \$4,779. There was no documentation authorizing an increase in allowable hours per week or an increase in her hourly rate of pay. As a result, Ms. Lindsey was overpaid one thousand four hundred fifty-five dollars and twenty-five cents (\$1,455.25).

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**FINDING NUMBER 2004-009 (Continued)**

**Finding For Recovery (Continued)**

The following table reflects the hours charged, rate of pay charged and gross salary paid to Dodee Lindsey as Village Clerk:

Check Number	Date	Hours Charged	Hourly Rate Charged	Gross Salary Paid
19940	10/25/2002	49.5	\$6.50	\$321.75
19964	11/8/2002	61	6.50	396.50
19987	11/22/2002	70	7.00	490.00
20023	12/6/2002	64	7.00	448.00
20051	12/18/2002	70	7.00	490.00
20087	12/27/2002	16	7.00	112.00
20095	1/8/2003	74	7.00	518.00
20142	1/23/2003	75	7.00	525.00
20160	2/5/2003	62	7.00	434.00
20206	2/19/2003	77	7.00	539.00
20230	3/6/2003	76	7.00	532.00
20275	3/18/2003	81	7.00	567.00
20286	3/27/2003	36	7.00	252.00
20316	4/9/2003	87	7.00	609.00
		898.50		\$6,234.25

The following Table reflects the authorized hours, pay rate and recomputed gross salary:

Date	Authorized Hours	Authorized Hourly Rate	Recomputed Gross Salary
10/25/2002	49.5	\$6.00	\$297.00
11/8/2002	61	6.00	366.00
11/22/2002	64	6.00	384.00
12/6/2002	64	6.00	384.00
12/18/2002	64	6.00	384.00
12/27/2002	16	6.00	96.00
1/8/2003	64	6.00	384.00
1/23/2003	64	6.00	384.00
2/5/2003	62	6.00	372.00
2/19/2003	64	6.00	384.00
3/6/2003	64	6.00	384.00
3/18/2003	64	6.00	384.00
3/27/2003	32	6.00	192.00
4/9/2003	64	6.00	384.00
	796.50		\$4,779.00

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**FINDING NUMBER 2004-009 (Continued)**

**Finding For Recovery (Continued)**

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Dodee Lindsey in the amount of \$1,455.25 and in favor of the Village of New Straitsville General Fund

**FINDING NUMBER 2004-010**

**Finding For Recovery**

Ohio Rev. Code Section 2949.091 (A)(1) requires, in part, that all moneys collected by the court during a month and owed to the State from Court costs shall be transmitted on or before the twentieth day of the following month by the Clerk of the Court to the Treasurer of State.

From January 1, 2003 through December 31, 2004, \$1,515 was collected and due the State Treasury by Mayor's Court. Of this amount, only \$640 was remitted to the State. The Mayor's Court should have remitted the rest of the total amount (\$875) to the State of Ohio to be deposited by the Treasurer of State into the General Revenue Fund.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money collected but not remitted is hereby issued against the Village of New Straitsville Mayors Court in the amount of \$875 and in favor of the State of Ohio, General Revenue Fund.

**FINDING NUMBER 2004-011**

**Finding For Recovery**

During the period October 12, 2002 through April 9, 2003 the Village paid cellular phone bills from Cingular Wireless for services provided to the Village's EMS department (Account # 209082931), as well as for the personal cellular phone service of Dodee Lindsey, former Village Clerk (Account # 221964343). The Village wrote one check to Cingular Wireless; however, the amount of the check was for the Village's bill as well as Ms. Lindsey's. The only authorized signature on the checks was that of former Village Clerk Dodee Lindsey. The table below shows the amount of the check paid by the Village to Cingular Wireless, the portion that was for the EMS cellular service, and the difference.

Payee	Check Number	Check Date	Check Amount	EMS Billed Amount	Difference
Cingular Wireless	20080	12/19/02	\$124.81	\$25.53	\$99.28
Cingular Wireless	20132	01/20/03	72.31	22.30	50.01
Cingular Wireless	20188	02/11/03	55.29	22.30	** 32.99
Cingular Wireless	20264	03/18/03	72.35	22.30	** 50.05
					<u>\$232.33</u>

\*\* - Amount of difference agreed to the Cingular Wireless invoice for Account #221964343 in the name of Dodee Lindsey, that was attached to the Village's corresponding voucher packet.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-011 (Continued)**

**Finding For Recovery (Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dodee Lindsey, former Village Clerk, in the amount of \$232.33 and in favor of the Village of New Straitsville EMS Fund.

**FINDING NUMBER 2004-012**

**Noncompliance Citation**

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

While the Village's Fiscal Officer did maintain receipt ledgers and expenditure ledgers for 2003 and 2004, they were categorized by fund only (rather than by receipt and expenditure type), and did not incorporate budgetary amounts. In addition, no cash journals were maintained for either 2003 or 2004; therefore, the Village was unable to monitor compliance with its certificates of estimated resources or appropriation resolutions. The Village Clerk classified receipts by source or disbursements by purpose for its annual report after December 31, 2004.

While the Village implemented the Uniform Accounting Network (UAN) accounting system during 2002 (which assisted the Village in providing classified financial statements as of December 31, 2002), they discontinued using the system in 2003. As a result, the improvements in the Village's record keeping for 2002, as indicated in Finding Number 2002-002, (refer to the Schedule of Prior Audit Findings), was not continued.

We recommend the Village Clerk review the requirements of Ohio Rev. Code Section 733.28, Ohio Admin. Code Section 117-2-02(A), and the Village Officer's Handbook as guidance in preparing and maintaining the required accounting records. These resources can be found on the Auditor of State's website at [www.auditor.state.oh.us/LocalGovernment/](http://www.auditor.state.oh.us/LocalGovernment/) .

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2002-001	A material noncompliance citation was issued under Ohio Rev. Code Section 145.47 for delinquent PERS contributions.	Yes	NA
2002-002	A material noncompliance citation was issued under Ohio Rev. Code Sections 733.28, 117.28 and Ohio Admin Code Section 117-2-02(A) for not preparing and maintaining the required ledgers in the required format for 2001.	No	Not corrected: Refer to Finding Number 2004-012 in the above Schedule of Findings.
2002-003	A material noncompliance citation was issued under Ohio Rev. Code Section 742.34-.35 for delinquent PERS contributions.	Yes	NA
2002-004	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.10 for having deficit fund balances.	No	Not corrected: Refer to Finding Number 2004-001 in the above Schedule of Findings.
2002-005	A material noncompliance citation was issued under Ohio Rev. Code Sections 5705.10 and 5705.14-.16 for making unallowable advances between funds.	Yes	NA
2002-006	A material noncompliance citation was issued under Ohio Rev. Code Sections 5705.36 for not certifying the total amount from all sources available for expenditures for 2001 and 2002.	No	Partially Corrected: This was reported to the Village's management in a separate letter dated January 13, 2006.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2002-007	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.39 for appropriations exceeding estimated resources.	No	Not corrected:  Refer to Finding Number 2004-004 in the above Schedule of Findings
2002-008	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expending money without the benefit of appropriations.	No	Not corrected:  Refer to Finding Number 2004-005 in the above Schedule of Findings
2002-009	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not properly certifying the availability of funds.	No	Not corrected:  Refer to Finding Number 2004-006 in the above Schedule of Findings
2002-010	A material noncompliance citation was issued under Village of New Straitsville Ordinance 99.018 for not properly establishing and contributing to a Sewer Replacement Fund. The required fund was in arrears by \$15,400 at December 31, 2002.	No	Not corrected.  Refer to Finding Number 2004-008 in the above Schedule of Findings.
2002-011	A material noncompliance citation was issued under Internal Revenue Code Chapter 24, Section 3402 for not remitting federal income tax withholdings timely for 2001 and 2002. All arrearages were paid to the IRS on January 6, 2003.	No	Not corrected.  Refer to Finding Number 2004-007 in the above Schedule of Findings.
2002-012	A Finding for Adjustment was issued under Ohio Rev. Code Section 5705.10 for posting revenue and expenditure transactions to the wrong funds in 2001 and 2002.	Yes	NA
2002-013	A material weakness was issued for not performing monthly bank reconciliations.	Yes	NA



**Auditor of State  
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**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  
MARCH 16, 2006**