

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY  
Regular Audit  
For the Years Ended December 31, 2010 and 2009**

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





# Dave Yost • Auditor of State

Members of Council  
Village of New Straitsville  
114 West Main Street  
PO Box 238  
New Straitsville, OH 43766

We have reviewed the *Independent Accountants' Report* of the Village of the New Straitsville, Perry County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of New Straitsville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 26, 2011

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**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

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***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

July 29, 2011

Village of New Straitsville  
114 West Main Street  
PO Box 238  
New Straitsville, OH 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, 2010 and 2009. 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.

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

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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of the State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2010 and 2009 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, 2010 and 2009 or their changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, except for the omission of receipt and disbursement classifications, referred to in the fourth preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances for the Village of New Straitsville, Perry County, as of December 31, 2010 and 2009, and its combined unclassified cash receipts and combined unclassified cash disbursements for the years then ended on the basis of accounting described in Note 1.

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 July 29, 2011, 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.

Respectfully Submitted,

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

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

**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, 2010**

	<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>				
Cash Receipts	\$ 63,159	\$ 154,463	\$ 8,400	\$ 226,022
Total Cash Receipts	<u>63,159</u>	<u>154,463</u>	<u>8,400</u>	<u>226,022</u>
<b>Cash Disbursements:</b>				
Cash Disbursements	<u>35,598</u>	<u>161,253</u>	<u>26,000</u>	<u>222,851</u>
Total Cash Disbursements	<u>35,598</u>	<u>161,253</u>	<u>26,000</u>	<u>222,851</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>27,561</u>	<u>(6,790)</u>	<u>(17,600)</u>	<u>3,171</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	-	40,000	-	40,000
Transfers-Out	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>(40,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>(40,000)</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(12,439)</u>	<u>33,210</u>	<u>(17,600)</u>	<u>3,171</u>
Fund Cash Balances, January 1	<u>24,544</u>	<u>(15,352)</u>	<u>44,117</u>	<u>53,309</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 12,105</b></u>	<u><b>\$ 17,858</b></u>	<u><b>\$ 26,517</b></u>	<u><b>\$ 56,480</b></u>

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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	<b>Only</b>
<b>Operating Cash Receipts:</b>			
Cash Receipts	\$ 360,139	\$ 20,901	\$ 381,040
Total Operating Cash Receipts	360,139	20,901	381,040
<b>Operating Cash Disbursements:</b>			
Cash Disbursements	333,196	23,484	356,680
Total Operating Cash Disbursements	333,196	23,484	356,680
Net Cash Receipts Over/(Under) Cash Disbursements	26,943	(2,583)	24,360
Fund Cash Balances, January 1	10,107	2,712	12,819
<b>Fund Cash Balances, December 31</b>	<b>\$ 37,050</b>	<b>\$ 129</b>	<b>\$ 37,179</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, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Cash Receipts	\$ 59,435	\$ 113,748	\$ 8,400	\$ 181,583
Total Cash Receipts	<u>59,435</u>	<u>113,748</u>	<u>8,400</u>	<u>181,583</u>
<b>Cash Disbursements:</b>				
Cash Disbursements	<u>37,058</u>	<u>162,095</u>	<u>26,000</u>	<u>225,153</u>
Total Cash Disbursements	<u>37,058</u>	<u>162,095</u>	<u>26,000</u>	<u>225,153</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>22,377</u>	<u>(48,347)</u>	<u>(17,600)</u>	<u>(43,570)</u>
Fund Cash Balances, January 1	<u>2,167</u>	<u>32,995</u>	<u>61,717</u>	<u>96,879</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 24,544</u></b>	<b><u>\$ (15,352)</u></b>	<b><u>\$ 44,117</u></b>	<b><u>\$ 53,309</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 PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	<b>Only</b>
<b>Operating Cash Receipts:</b>			
Cash Receipts	\$ 325,332	\$ 21,957	\$ 347,289
Total Operating Cash Receipts	325,332	21,957	347,289
<b>Operating Cash Disbursements:</b>			
Cash Disbursements	315,354	19,675	335,029
Total Operating Cash Disbursements	315,354	19,675	335,029
Net Cash Receipts Over/(Under) Cash Disbursements	9,978	2,282	12,260
Fund Cash Balances, January 1	129	430	559
<b>Fund Cash Balances, December 31</b>	<b>\$ 10,107</b>	<b>\$ 2,712</b>	<b>\$ 12,819</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, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of New Straitsville, Perry County (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. A publicly elected three-member Board of Trustees directs the Village. The Village provides general governmental services, including maintenance of streets, water and sewer services, police, and fire and emergency medical service protection.

The Village is also affiliated with the Coal Township Union Cemetery. The Village of New Straitsville and Coal Township appoint the Board of Trustees of the Union Cemetery. Taxes levied by the Village for cemetery maintenance area collected by Perry County, and distributed to the Union Cemetery. The Union Cemetery is a legally separate entity that prepares and files its own financial statements. The financial activity of the Union Cemetery is not included in the accompanying financial statements. The Auditor of State performs independent audits of the Union Cemetery.

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

**B. Accounting Basis**

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).

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

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Deposits**

During the period the Village maintained all funds in an interest bearing checking account.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

**D. Fund Accounting**

The Village uses fund accounting to segregate cash that is 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.

**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 has 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. Capital Project Fund**

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 funds:

Sewer Extension Fund – This fund receives monies for the construction of additional sewer lines.

**4. Enterprise Fund**

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

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

**5. Enterprise Fund (Continued)**

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

**6. Fiduciary Fund (Agency Fund)**

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 had the following significant Fiduciary Fund:

Mayor's Court Fund – This fund receives and distributes Mayor's Court fines and forfeitures.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**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. The Village did not encumber all commitments, as required by Ohio law.

Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

**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 DEPOSITS**

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

	2010	2009
Demand Deposits	\$ 93,659	\$66,128

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 52,615	\$ 63,159	\$ 10,544
Special Revenue	140,321	194,463	54,142
Capital Projects	8,400	8,400	-
Enterprise	310,000	360,139	50,139
Total	\$ 511,336	\$ 626,161	\$ 114,825

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 75,598	\$ 75,598	-
Special Revenue	110,500	161,253	(50,753)
Capital Projects	-	26,000	(26,000)
Enterprise	250,000	333,196	(83,196)
Total	\$ 436,098	\$ 596,047	\$ (159,949)

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 52,615	\$ 59,435	\$ 6,820
Special Revenue	140,321	113,748	(26,573)
Capital Projects	8,400	8,400	-
Enterprise	310,000	325,332	15,332
Total	\$ 511,336	\$ 506,915	\$ (4,421)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 61,500	\$ 37,058	\$ 24,442
Special Revenue	139,000	162,095	(23,095)
Capital Projects	-	26,000	(26,000)
Enterprise	250,000	315,354	(65,354)
Total	\$ 450,500	\$ 540,507	\$ (90,007)

Contrary to ORC Section 5705.10, the Street Construction, Maintenance and Repair, EMS, Police, and Community Center Funds had negative fund balances in 2009 and the Community Center Fund had a negative fund balance in 2010.

Contrary to ORC Section 5705.39, the General, Street Maintenance and Repair, EMS, and Police Funds had appropriations exceeding total estimated resources during 2009 and the Street Maintenance and Repair, EMS, and Police Funds had appropriations exceeding total estimated resources during 2010.

Contrary to ORC Section 5705.41(B) the Fire, Police, Community Center, Computer, Sewer Reserve, Water, and Sewer Funds had expenditures exceeding appropriations in 2009 and the Street Maintenance and Repair, Fire, Police, Community Center, Computer, Sewer Reserve, Water, and Sewer Funds had expenditures exceeding appropriations in 2010.

Contrary to ORC Section 5705.41(D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 100% of expenditures tested during 2010 and 100% of expenditures testing during 2009.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which Village Council adopts rates. 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

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

**5. DEBT**

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sewer System Mortgage Revenue Bonds	\$1,529,000	3.25%
OWDA Loans	129,231	1.50%
Backhoe Loan	<u>44,834</u>	5.30%
Total	<u>\$1,703,065</u>	

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

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

The vehicle acquisition note relates to an acquisition of a fire truck with semi-annual payments of \$4,875. This debt is payable from general revenues of the Village. The full faith and credit of the Village have been pledged to repay the vehicle acquisition note. This loan was paid off in 2009.

The equipment acquisition note relates to the purchase of a mule (utility vehicle) that was purchased in November of 2006 with monthly payments of \$300 starting in December of 2006 at an interest rate of 7.26%. This debt is payable from the general revenues of the Village. The full faith and credit of the Village have been pledged to the mule (utility vehicle) note. This loan was paid off in 2010.

The backhoe loan relates to an acquisition of a case backhoe that was purchased in 2008 with monthly payments starting in October 2008 of \$883. This debt is payable from general revenues of the Village. The full faith and credit of the Village have been pledged to repay the backhoe loan.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

(Continued)

**5. DEBT (Continued)**

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

Year ending December 31:	Sewer System		
	Mortgage Rev. Bonds	OWDA Loan	Backhoe Loan
2011	\$ 82,162	\$ 6,788	\$ 10,596
2012	82,162	\$ 6,788	10,596
2013	82,162	\$ 6,788	10,596
2014	82,162	\$ 6,788	10,596
2015	82,162	\$ 6,788	7,947
2016-2020	410,810	33,940	-
2021-2025	410,810	33,940	-
2026-2030	410,810	33,940	-
2031-2035	410,810	20,364	-
2036-2038	246,486	-	-
Total	<u>\$ 2,300,536</u>	<u>\$ 156,124</u>	<u>\$ 50,331</u>

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of police participant wages. For 2010 and 2009, 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, 2010.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

Through December 31, 2008, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. Council consists of six (6) members that include appointed and elected officials from member organizations.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

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. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% 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 725 members as of December 31, 2009. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 60 members as of December 31, 2009. The Village participates in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available), and include amounts for both OPRM and OPHC:

	<u>2009</u> <b>OPRM</b>	<u>2009</u> <b>OPHC</b>	<u>2009</u>	<u>2008</u>
Assets	\$11,176,186	\$1,358,802	\$12,534,988	\$10,471,114
Liabilities	<u>(4,852,485)</u>	<u>(1,253,617)</u>	<u>(6,106,102)</u>	<u>(5,286,781)</u>
Members’ Equity	<u>\$6,323,701</u>	<u>\$105,185</u>	<u>\$6,428,886</u>	<u>\$5,184,333</u>

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. DEFICIT FUND BALANCES**

The Village had deficit fund balances of \$9,624 in the Street Construction, Maintenance and Repair Fund, \$2,708 in the EMS Fund, \$28,032 in the Police Fund, and \$4,282 in the Community Center Fund as of December 31, 2009. The Village had a deficit fund balance of \$6,576 in the Community Center Fund as of December 31, 2010. The Clerk has planned to transfer the appropriate funds from the General Fund to eliminate the deficit in each of the funds.

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

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

July 29, 2011

Village of New Straitsville  
114 West Main Street  
PO Box 238  
New Straitsville, OH 43766

To the Village Council:

We have audited the financial statements of **Village of New Straitsville**, Perry County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 29, 2011 which was qualified since the Village did not classify receipts and disbursements in the financial statements and 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 through 2010-006 described in the accompanying schedule of audit findings 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, 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 audit findings as findings 2010-001 through 2010-006.

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.

Respectfully Submitted,

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

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

VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

**Material Weakness/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, 2009 as follows:

<u>Fund</u>	<u>Deficit</u>
Street, Construction, Maintenance And Repair	(\$9,624)
EMS	(\$2,708)
Police	(\$28,032)
Community Center	(\$4,282)

The Village had negative fund balances at December 31, 2010 as follows:

<u>Fund</u>	<u>Deficit</u>
Community Center	(\$6,576)

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.

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2010-002**

**Material Weakness/Noncompliance Citation**

**Ohio Rev. Code § 5705.39** provides that the 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. The appropriations exceeded the total estimated resources for the General, Street Maintenance and Repair, EMS, and Police Funds during 2009 and the Street Maintenance and Repair, EMS, and Police Funds during 2010.

The Village should monitor appropriations to ensure that appropriations do not exceed total estimated resources.

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

**FINDING NUMBER 2010-003**

**Material Weakness/Noncompliance Citation**

**Ohio Rev. Code Section 5705.41 (B)** states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in the Fire, Police, Community Center, Computer, Sewer Reserve, Water, and Sewer Funds in 2009 and the Street Maintenance and Repair, Fire, Police, Community Center, Computer, Sewer Reserve, Water, and Sewer Funds in 2010.

We recommend the Village Clerk modify appropriations with the Village Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Village Clerk should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

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

**FINDING NUMBER 2010-004**

**Material Weakness/Noncompliance Citation**

**Ohio Revised Code § 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the 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. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2010-004 (Continued)**

**Ohio Revised Code § 5705.41(D) (Continued)**

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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority 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 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 taxing authority.
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. 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 entity 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.

The Village did not properly certify the availability of funds prior to purchase commitment for 100% of the expenditures tested during 2010 and 2009.

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

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2010-005**

**Material Weakness/Noncompliance Citation**

**Ohio Revised Code § 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 Administrative Code Section 117-2-02(A) requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village's Clerk did maintain accurate receipt ledgers and expenditure ledgers for 2010 and 2009; however, they were categorized by fund only (rather than by receipt and expenditure type), and did not incorporate budgetary amounts.

We recommend the Village Clerk review the requirements of Ohio Rev. Code Section 733.28, Ohio Administrative 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).

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

**FINDING NUMBER 2010-006**

**Material Weakness/Noncompliance Citation**

**Ohio Rev. Code Section 733.40** states all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor that in any manner come into the mayor's hands, or that are due the mayor or marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses that have been advanced out of the treasury of the municipal corporation, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month and to the Treasurer of State by the 20<sup>th</sup> of the month.

During 2010 and 2009, monies collected by the Mayor's Court were not always paid to the Village by the first Monday of the month or to the Treasurer of State by the 20<sup>th</sup> of the month.

We recommend the Mayor's Court pay all monies collected to the Village by the first Monday of each month and to the State Treasurer by the 20<sup>th</sup> of the month.

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

**VILLAGE OF NEW STRAITSVILLE  
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC Section 5705.10 – Negative Fund Balances	No	Repeated as Finding 2010-001
2008-002	ORC Section 5705.38 – Annual Appropriation Passed	Yes	
2008-003	ORC Section 5705.36 – Increase or decrease amended certificates	Yes	
2008-004	ORC Section 5705.39 – Appropriations exceeded estimated resources	No	Repeated as Finding 2010-002
2008-005	ORC Section 5705.41(B) – Expenditures in excess of appropriations.	No	Repeated as Finding 2010-003
2008-006	ORC Section 5705.41(D) – Expenditures were made without the fiscal officer’s prior certification.	No	Repeated as Finding 2010-004



# Dave Yost • Auditor of State

VILLAGE OF NEW STRAITSVILLE

PERRY COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 6, 2011