



Dave Yost • Auditor of State



VILLAGE OF STRYKER  
WILLIAMS COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village of Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Stryker, Williams County, Ohio, (the Village) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Stryker, Williams County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 13, 2017

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | General         | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|--|-----------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                         |                 |                    |                     |                                |
| Property and Other Local Taxes               | \$44,685        | \$7,290            |                     | \$51,975                       |
| Municipal Income Tax                         | 212,370         |                    | \$173,893           | 386,263                        |
| Intergovernmental                            | 46,312          | 75,725             |                     | 122,037                        |
| Special Assessments                          | 1,106           | 15,066             |                     | 16,172                         |
| Charges for Services                         | 1,000           |                    |                     | 1,000                          |
| Fines, Licenses and Permits                  | 18,282          | 60                 |                     | 18,342                         |
| Earnings on Investments                      | 394             | 35                 |                     | 429                            |
| Miscellaneous                                | 10,573          |                    |                     | 10,573                         |
| <i>Total Cash Receipts</i>                   | <u>334,722</u>  | <u>98,176</u>      | <u>173,893</u>      | <u>606,791</u>                 |
| <b>Cash Disbursements</b>                    |                 |                    |                     |                                |
| Current:                                     |                 |                    |                     |                                |
| Security of Persons and Property             | 274,576         | 200                |                     | 274,776                        |
| Public Health Services                       | 997             |                    |                     | 997                            |
| Basic Utility Services                       | 500             |                    |                     | 500                            |
| Transportation                               |                 | 102,677            |                     | 102,677                        |
| General Government                           | 120,621         |                    |                     | 120,621                        |
| Capital Outlay                               | 3,991           |                    | 75,497              | 79,488                         |
| Debt Service:                                |                 |                    |                     |                                |
| Principal Retirement                         |                 |                    | 153,412             | 153,412                        |
| Interest and Fiscal Charges                  |                 |                    | 4,715               | 4,715                          |
| <i>Total Cash Disbursements</i>              | <u>400,685</u>  | <u>102,877</u>     | <u>233,624</u>      | <u>737,186</u>                 |
| <i>Excess of Disbursements over Receipts</i> | <u>(65,963)</u> | <u>(4,701)</u>     | <u>(59,731)</u>     | <u>(130,395)</u>               |
| <i>Fund Cash Balances, January 1</i>         | <u>130,155</u>  | <u>52,793</u>      | <u>87,709</u>       | <u>270,657</u>                 |
| <b>Fund Cash Balances, December 31</b>       |                 |                    |                     |                                |
| Restricted                                   |                 | 48,092             | 27,978              | 76,070                         |
| Assigned                                     | 42,697          |                    |                     | 42,697                         |
| Unassigned                                   | 21,495          |                    |                     | 21,495                         |
| <i>Fund Cash Balances, December 31</i>       | <u>\$64,192</u> | <u>\$48,092</u>    | <u>\$27,978</u>     | <u>\$140,262</u>               |

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

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

|   | <u>Proprietary Fund Type</u> |
|---|------------------------------|
|   | <u>Enterprise</u>            |
| <b>Operating Cash Receipts</b>                      |                              |
| Charges for Services                                | <u>\$508,641</u>             |
| <b>Operating Cash Disbursements</b>                 |                              |
| Personal Services                                   | 180,959                      |
| Employee Fringe Benefits                            | 90,203                       |
| Contractual Services                                | 19,430                       |
| Supplies and Materials                              | 150,586                      |
| Other   | <u>4,012</u>                 |
| <i>Total Operating Cash Disbursements</i>           | <u>445,190</u>               |
| <i>Operating Income</i>                             | <u>63,451</u>                |
| <b>Non-Operating Receipts (Disbursements)</b>       |                              |
| Miscellaneous Receipts                              | 95                           |
| Principal Retirement                                | (51,199)                     |
| Interest and Other Fiscal Charges                   | <u>(1,574)</u>               |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(52,678)</u>              |
| <i>Net Change in Fund Cash Balances</i>             | 10,773                       |
| <i>Fund Cash Balances, January 1</i>                | <u>240,051</u>               |
| <i>Fund Cash Balances, December 31</i>              | <u><u>\$250,824</u></u>      |

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



**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Stryker, Williams County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, street maintenance, and police services.

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

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

**Basis of Presentation**

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

**Fund Accounting**

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

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

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

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

**State Highway** This fund accounts for and reports the portion of State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of the state highway within the Village.

**Permissive Motor Vehicle License Tax** This fund receives motor vehicle license tax monies for constructing, maintaining, and repairing Village Streets.

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

**Capital Projects Funds** The capital project fund accounts for and reports the .5 percent of municipal income tax restricted for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the Village.

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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

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

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

**Basis of Accounting**

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

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

**Budgetary Process**

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

**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. Appropriations lapse at year end.

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

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

**Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Capital Assets**

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

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Accumulated Leave**

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

**Fund Balance**

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

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute.

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

| 2016 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$339,429            | \$334,722          | (\$4,707) |
| Special Revenue                   | 98,210               | 98,176             | (34)      |
| Capital Projects                  | 196,086              | 173,893            | (22,193)  |
| Enterprise                        | 491,225              | 508,736            | 17,511    |
| Total                             | \$1,124,950          | \$1,115,527        | (\$9,423) |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |          |
|---|----------------------------|---------------------------|----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance |
| General   | \$416,053                  | \$400,685                 | \$15,368 |
| Special Revenue                                       | 113,774                    | 102,877                   | 10,897   |
| Capital Projects                                      | 254,188                    | 233,624                   | 20,564   |
| Enterprise  | 501,729                    | 497,963                   | 3,766    |
| Total   | \$1,285,744                | \$1,235,149               | \$50,595 |

**Note 4 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2016 was as follows:

|                 |           |
|-----------------|-----------|
|                 | 2016      |
| Demand Deposits | \$391,086 |

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

***Income Taxes***

The Village levies a municipal income tax of one and a half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 - Risk Management**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

**Note 7 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Ohio Police and Fire Retirement System**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

**Social Security**

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 9 - Debt**

Debt outstanding at December 31, 2016 was as follows:

|                                       | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|------------------|----------------------|
| Ohio Water Development Authority Loan | <u>\$106,087</u> | 7.56%                |

The Ohio Water Development Authority (OWDA) loan relates to sewer line improvements and a sewer loan project the Ohio Environmental Protection Agency mandated. The (OWDA) approved up to \$2,529,305 in loans to the Village for this project. The Village will repay the loans in semiannual installments over twenty five years. Sewer and income tax receipts collateralize the loan. The Village has agreed to set utility rates and obtain general resources sufficient to cover OWDA debt service requirements.

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

| Year Ending  | OWDA             |
|--------------|------------------|
| December 31: | Loan             |
| 2017         | <u>\$110,274</u> |

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

|  | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|--|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                 |                  |                    |                     |                                |
| Property and Other Local Taxes                       | \$46,907         | \$7,043            |                     | \$53,950                       |
| Municipal Income Tax                                 | 249,173          |                    | \$173,507           | 422,680                        |
| Intergovernmental                                    | 46,357           | 84,310             |                     | 130,667                        |
| Special Assessments                                  | 562              | 14,776             |                     | 15,338                         |
| Charges for Services                                 | 750              |                    |                     | 750                            |
| Fines, Licenses and Permits                          | 19,409           | 60                 |                     | 19,469                         |
| Earnings on Investments                              | 295              | 27                 |                     | 322                            |
| Miscellaneous  | 7,749            |                    |                     | 7,749                          |
|  | <u>371,202</u>   | <u>106,216</u>     | <u>173,507</u>      | <u>650,925</u>                 |
| <i>Total Cash Receipts</i>                           |                  |                    |                     |                                |
| <b>Cash Disbursements</b>                            |                  |                    |                     |                                |
| Current:   |                  |                    |                     |                                |
| Security of Persons and Property                     | 241,731          |                    |                     | 241,731                        |
| Public Health Services                               | 981              |                    |                     | 981                            |
| Basic Utility Services                               | 500              |                    |                     | 500                            |
| Transportation                                       |                  | 106,967            |                     | 106,967                        |
| General Government                                   | 124,529          | 651                | 1,210               | 126,390                        |
| Capital Outlay                                       | 1,496            |                    | 95,851              | 97,347                         |
| Debt Service:  |                  |                    |                     |                                |
| Principal Retirement                                 |                  |                    | 152,184             | 152,184                        |
| Interest and Fiscal Charges                          |                  |                    | 28,052              | 28,052                         |
|  | <u>369,237</u>   | <u>107,618</u>     | <u>277,297</u>      | <u>754,152</u>                 |
| <i>Total Cash Disbursements</i>                      |                  |                    |                     |                                |
| <i>Excess of Receipts Over/(Under) Disbursements</i> | <u>1,965</u>     | <u>(1,402)</u>     | <u>(103,790)</u>    | <u>(103,227)</u>               |
| <i>Fund Cash Balances, January 1</i>                 | <u>128,190</u>   | <u>54,195</u>      | <u>191,499</u>      | <u>373,884</u>                 |
| <b>Fund Cash Balances, December 31</b>               |                  |                    |                     |                                |
| Restricted   |                  | 52,793             | 87,709              | 140,502                        |
| Assigned   | 76,624           |                    |                     | 76,624                         |
| Unassigned   | 53,531           |                    |                     | 53,531                         |
|  | <u>\$130,155</u> | <u>\$52,793</u>    | <u>\$87,709</u>     | <u>\$270,657</u>               |
| <i>Fund Cash Balances, December 31</i>               |                  |                    |                     |                                |

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

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

|   | <u>Proprietary Fund Type</u> |
|---|------------------------------|
|   | <u>Enterprise</u>            |
| <b>Operating Cash Receipts</b>                      |                              |
| Charges for Services                                | <u>\$502,473</u>             |
| <b>Operating Cash Disbursements</b>                 |                              |
| Personal Services                                   | 182,498                      |
| Employee Fringe Benefits                            | 86,046                       |
| Contractual Services                                | 17,759                       |
| Supplies and Materials                              | 122,317                      |
| Other   | <u>3,985</u>                 |
| <i>Total Operating Cash Disbursements</i>           | <u>412,605</u>               |
| <i>Operating Income</i>                             | <u>89,868</u>                |
| <b>Non-Operating Receipts (Disbursements)</b>       |                              |
| Miscellaneous Receipts                              | 750                          |
| Principal Retirement                                | (38,046)                     |
| Interest and Other Fiscal Charges                   | <u>(7,014)</u>               |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(44,310)</u>              |
| <i>Net Change in Fund Cash Balances</i>             | 45,558                       |
| <i>Fund Cash Balances, January 1</i>                | <u>194,493</u>               |
| <i>Fund Cash Balances, December 31</i>              | <u><u>\$240,051</u></u>      |

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



**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Stryker, Williams County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, street maintenance, and police services

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

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

**Basis of Presentation**

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

**Fund Accounting**

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

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

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

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

**State Highway** This fund accounts for and reports the portion of State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of the state highway within the Village.

**Permissive Motor Vehicle License Tax** This fund receives motor vehicle license tax monies for constructing, maintaining, and repairing Village Streets.

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

**Capital Projects Funds** The capital project fund accounts for and reports the .5 percent of municipal income tax restricted for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the Village.

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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

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

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

**Basis of Accounting**

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

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

**Budgetary Process**

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

**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. Appropriations lapse at year end.

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

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 3.

**Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Capital Assets**

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

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**(Continued)**

**Accumulated Leave**

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

**Fund Balance**

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

**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute.

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

| 2015 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$359,753            | \$371,202          | \$11,449 |
| Special Revenue                   | 105,270              | 106,216            | 946      |
| Capital Projects                  | 169,000              | 173,507            | 4,507    |
| Enterprise                        | 497,200              | 503,223            | 6,023    |
| Total                             | \$1,131,223          | \$1,154,148        | \$22,925 |

| 2015 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$409,562                  | \$369,237                 | \$40,325  |
| Special Revenue                                       | 130,137                    | 107,618                   | 22,519    |
| Capital Projects                                      | 298,578                    | 277,297                   | 21,281    |
| Enterprise  | 493,197                    | 457,665                   | 35,532    |
| Total   | \$1,331,474                | \$1,211,817               | \$119,657 |

**Note 4 – Deposits**

***Deposits***

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2015 was as follows:

|                 |           |
|-----------------|-----------|
|                 | 2015      |
| Demand Deposits | \$510,708 |

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

***Income Taxes***

The Village levies a municipal income tax of one and a half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 - Risk Management**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

**Note 7 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**Ohio Police and Fire Retirement System**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.5% until June 30, 2015, then 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2015.

**Social Security**

Several Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 9 - Debt**

Debt outstanding at December 31, 2016 was as follows:

|                                       | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|------------------|----------------------|
| Ohio Water Development Authority Loan | \$310,698        | 7.56%                |

The Ohio Water Development Authority (OWDA) loan relates to sewer line improvements and a sewer loan project the Ohio Environmental Protection Agency mandated. The (OWDA) approved up to \$2,529,305 in loans to the Village for this project. The Village will repay the loans in semiannual installments over twenty five years. Sewer and income tax receipts collateralize the loan. The Village has agreed to set utility rates and obtain general resources sufficient to cover OWDA debt service requirements.

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

| Year Ending<br>December 31: | OWDA<br>Loan |
|-----------------------------|--------------|
| 2016                        | \$210,900    |
| 2017                        | 110,274      |
| Total                       | \$321,174    |



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Stryker, Williams County, Ohio, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated September 13, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 13, 2017



**VILLAGE OF STRYKER  
WILLIAMS COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-001**

**Material Weakness – Financial Reporting**

Sound financial reporting is the responsibility of the Fiscal Officer and the Village Officials and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Due to the lack of final review of financial statements by the officials, the following errors occurred:

1. Debt principal payments were classified as debt service: interest and fiscal charges instead of debt service: principal retirement in 2016 within the Capital Improvements fund (\$153,412) and Sewer fund (\$51,199) and in 2015 within the Capital Improvements fund (\$152,184) and Sewer fund (\$38,046).
2. Rental income received from Village owned land was classified as sale of capital assets instead of miscellaneous revenues within the General fund in 2016 (\$6,691) and 2015 (\$7,091).

Adjustments were recorded in the accompanying financial statements to correct these errors. The Uniform Accounting Network has the object code of 710 for debt principal expenditures and revenue code 811 for rental income. The Fiscal officer should change to these accounting codes for debt principal payments and rental income to allow these amounts to be reflected properly in the accounting records.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**VILLAGE OF STRYKER  
WILLIAMS COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015**

| Finding Number | Finding Summary   | Fully Corrected   | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b> |
|----------------|---|---|---|
| 2014-001       | Material Weakness - Fund Balance Classification – Appropriated amounts exceeded estimated receipts within the General fund balance.                   | Corrective action was taken and finding is fully corrected. |   |
| 2014-002       | Noncompliance and Significant Deficiency with Ohio Rev. Code § 5705.10 – Water collections were credited to the Sewer fund instead of the Water fund. | Corrective action was taken and finding is fully corrected. |   |



# Dave Yost • Auditor of State

VILLAGE OF STRYKER

WILLIAMS COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 28, 2017