



**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008-2007**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Enterprise Funds - For the Years Ended December 31, 2008 and 2007 .....	7
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Prior Audit Findings .....	21

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Village of Strasburg  
Tuscarawas County  
358 Fifth Street SW  
Strasburg, Ohio 44680

To the Village Council:

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

March 11, 2009

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Strasburg  
Tuscarawas County  
358 Fifth Street SW  
Strasburg, Ohio 44680

To the Village Council:

We have audited the accompanying financial statements of the Village of Strasburg, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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 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.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Strasburg, Tuscarawas County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 March 11, 2009, 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.



**Mary Taylor, CPA**  
Auditor of State

March 11, 2009



**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$109,468	\$71,575			\$181,043
Municipal Income Tax		386,839			386,839
Intergovernmental	221,875	129,041			350,916
Charges for Services	70,332	46,974			117,306
Fines, Licenses and Permits	8,509				8,509
Earnings on Investments	45,629	147			45,776
Miscellaneous	56,990				56,990
<b>Total Cash Receipts</b>	<u>512,803</u>	<u>634,576</u>			<u>1,147,379</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	363,266				363,266
Public Health Services	1,894				1,894
Leisure Time Activities		42,076			42,076
Community Environment	2,262				2,262
Basic Utility Service	69,892				69,892
Transportation		122,469			122,469
General Government	221,550	24,601			246,151
Capital Outlay	171,769	118,411		\$47,677	337,857
<b>Total Cash Disbursements</b>	<u>830,633</u>	<u>307,557</u>		<u>47,677</u>	<u>1,185,867</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(317,830)</u>	<u>327,019</u>		<u>(47,677)</u>	<u>(38,488)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Transfers-In	240,000	32,000		48,000	320,000
Transfers-Out		(320,000)			(320,000)
Other Financing Uses		(9,974)			(9,974)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>240,000</u>	<u>(297,974)</u>		<u>48,000</u>	<u>(9,974)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(77,830)	29,045		323	(48,462)
Fund Cash Balances, January 1	294,341	268,564	\$14	39,742	602,661
<b>Fund Cash Balances, December 31</b>	<u><b>\$216,511</b></u>	<u><b>\$297,609</b></u>	<u><b>\$14</b></u>	<u><b>\$40,065</b></u>	<u><b>\$554,199</b></u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$9,287</u>	<u>\$0</u>	<u>\$0</u>	<u>\$9,287</u>

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

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$103,102	\$67,362			\$170,464
Municipal Income Tax		378,501			378,501
Intergovernmental	90,515	120,248			210,763
Charges for Services	69,123	41,389			110,512
Fines, Licenses and Permits	4,980				4,980
Earnings on Investments	54,381	179			54,560
Miscellaneous	13,374				13,374
<b>Total Cash Receipts</b>	<u>335,475</u>	<u>607,679</u>			<u>943,154</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	311,454	500			311,954
Public Health Services	1,630				1,630
Leisure Time Activities		22,714			22,714
Community Environment	2,913				2,913
Basic Utility Service	64,068				64,068
Transportation		125,288			125,288
General Government	219,072	24,219			243,291
Capital Outlay	32,386	90,992		\$67,966	191,344
<b>Total Cash Disbursements</b>	<u>631,523</u>	<u>263,713</u>		<u>67,966</u>	<u>963,202</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(296,048)</u>	<u>343,966</u>		<u>(67,966)</u>	<u>(20,048)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Transfers-In	270,000	36,000		54,000	360,000
Transfers-Out		(360,000)			(360,000)
Other Financing Uses		(2,395)			(2,395)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>270,000</u>	<u>(326,395)</u>		<u>54,000</u>	<u>(2,395)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(26,048)</u>	<u>17,571</u>		<u>(13,966)</u>	<u>(22,443)</u>
<b>Fund Cash Balances, January 1</b>	<u>320,389</u>	<u>250,993</u>	<u>\$14</u>	<u>53,708</u>	<u>625,104</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$294,341</b></u>	<u><b>\$268,564</b></u>	<u><b>\$14</b></u>	<u><b>\$39,742</b></u>	<u><b>\$602,661</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$7,499</b></u>	<u><b>\$3,693</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$11,192</b></u>

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

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$1,092,604	\$992,880
Fines, Licenses and Permits	64,023	6,731
Miscellaneous	127	162
	<b>1,156,754</b>	<b>999,773</b>
<b>Operating Cash Disbursements:</b>		
Personal Services	366,211	321,735
Contractual Services	159,574	137,980
Supplies and Materials	107,161	99,929
Capital Outlay	8,691	208,383
	<b>641,637</b>	<b>768,027</b>
Total Operating Cash Disbursements	<b>641,637</b>	<b>768,027</b>
Operating Income	<b>515,117</b>	<b>231,746</b>
<b>Non-Operating Cash Disbursements:</b>		
Redemption of Principal	316,764	310,661
Interest and Other Fiscal Charges	108,089	115,392
	<b>424,853</b>	<b>426,053</b>
Total Non-Operating Cash Disbursements	<b>424,853</b>	<b>426,053</b>
Net Receipts Over/(Under) Disbursements	<b>90,264</b>	<b>(194,307)</b>
Fund Cash Balances, January 1	<b>1,626,744</b>	<b>1,821,051</b>
<b>Fund Cash Balances, December 31</b>	<b>\$1,717,008</b>	<b>\$1,626,744</b>
Reserve for Encumbrances, December 31	<b>\$7,888</b>	<b>\$1,667</b>

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

**This page intentionally left blank.**

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Strasburg, Tuscarawas County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

**C. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**1. General Fund**

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

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

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

Police Levy Fund – This fund receives levy monies to pay for costs associated with operating a police department.

Parks and Recreation Fund -This fund receives levy monies to assist in operating and maintaining the Village's park and to provide recreational activities to Village residents.

Income Tax Fund – This fund is used to account for all activity associated with the collection and administration of income tax revenue.

**3. Capital Project Funds**

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

Capital Improvement Fund - This fund receives a portion of income tax revenue to account for the payment of capital improvements for the Village.

**4. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Water System Improvement Fund - This fund receives a portion of water revenues to maintain and make improvements to the water system.

Sewer System Improvement Fund – This fund receives a portion of sewer revenues to maintain and make improvements to the sewer system.

VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**4. Enterprise Funds**

Sewer Expansion Fund – This fund receives utility surcharges to repay OWDA loans.

**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 or 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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**2. Restatement of Fund Balance**

The Village was required to reclassify its Park Improvement Trust Fund, previously reported as an Expendable Trust Fund, to a Special Revenue Fund. The fund cash balances have been restated as follows:

	Special Revenue Funds	Expendable Trust Fund
Previously Reported Fund Cash Balance at December 31, 2006	\$243,627	\$7,366
Reclassification of Park Improvement Trust Fund	7,366	(7,366)
Restated Fund Cash Balance at January 1, 2007	\$250,993	\$0

**3. Equity in Pooled Deposits and Investments**

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

	2008	2007
Demand deposits	\$1,785,874	\$1,756,192
Investments:		
STAR Ohio	485,333	473,213
Total deposits and investments	\$2,271,207	\$2,229,405

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

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.



**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$981,144	\$752,803	(\$228,341)
Special Revenue	853,070	666,576	(186,494)
Debt Service	14	0	(14)
Capital Projects	89,742	48,000	(41,742)
Enterprise	2,626,278	1,156,754	(1,469,524)
Total	\$4,550,248	\$2,624,133	(\$1,926,115)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$981,144	\$830,633	\$150,511
Special Revenue	853,069	646,848	206,221
Debt Service	14	0	14
Capital Projects	89,742	47,677	42,065
Enterprise	2,315,455	1,074,378	1,241,077
Total	\$4,239,424	\$2,599,536	\$1,639,888

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$705,553	\$605,475	(\$100,078)
Special Revenue	1,001,849	643,679	(358,170)
Debt Service	14	0	(14)
Capital Projects	73,447	54,000	(19,447)
Enterprise	2,767,392	999,773	(1,767,619)
Fiduciary	0	0	0
Total	\$4,548,255	\$2,302,927	(\$2,245,328)

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity (Continued)**

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$705,553	\$639,022	\$66,531
Special Revenue	1,001,849	629,801	372,048
Debt Service	14	0	14
Capital Projects	73,447	67,966	5,481
Enterprise	2,767,392	1,195,747	1,571,645
Total	\$4,548,255	\$2,532,536	\$2,015,719

**4. Property Tax**

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.

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

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

**5. Local Income Tax**

The Village levies a municipal income tax of one 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.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**6. Debt**

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1973 Sewer Mortgage Revenue Bonds	\$251,000	5.00%
OWDA-1999 Water Plant Building Loan #2887	1,209,175	2.00%
OWDA-WWTP Improvements & Expansion loan #3478	2,950,859	2.20%
Total	<u>\$4,411,034</u>	

The mortgage revenue bonds from the Farmers Home Administration (FMHA) relate to the construction of a sewer collection and treatment system. The bonds will be repaid in semiannual installments, with interest, over 40 years. The bonds are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the debt service requirements. In addition, the Village has agreed to establish certain bank accounts to maintain sewer operating receipts, sinking fund principal and interest payments, and sewer reserves.

The Ohio Water Development Authority (OWDA) water plant building loan relates to the upgrade of the Village's existing water treatment plant. The loan will be repaid in semiannual installments, with interest, over 20 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The Ohio Water Development Authority (OWDA) wastewater treatment plant expansion loan relates to a sewer plant expansion project. The loan will be repaid in semiannual installments, with interest, over 20 years. The Village has agreed to set utility rates sufficient to cover the OWDA debt service requirements.

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

Year ending December 31:	<u>Mortgage Revenue Bonds</u>	<u>OWDA Water Plant Building Loan</u>	<u>OWDA WWTP Expansion Loan</u>
2009	\$36,550	\$141,056	\$246,047
2010	35,350	141,056	246,047
2011	34,150	141,056	246,047
2012	32,950	141,056	246,047
2013	31,750	141,056	246,047
2014-2018	140,750	634,572	1,230,230
2022-2023	11,225	0	984,184
Total	<u>\$322,725</u>	<u>\$1,339,852</u>	<u>\$3,444,649</u>

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. Retirement Systems**

The Village's full-time Police 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 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

The Village's part-time firefighters pay into social security.

**8. Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**8. Risk Management (Continued)**

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$13,509. This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**10. TUSCARAWAS COUNTY REGIONAL PLANNING COMMISSION**

The Village participates in the Tuscarawas County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed by Tuscarawas County and other cities, villages and townships of the County. The principle aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Tuscarawas County. The Board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Tuscarawas County Regional Planning Commission, Tuscarawas County, Ohio.

**11. TUSCARAWAS COUNTY TAX INCENTIVE REVIEW COUNCIL**

The Tuscarawas County Incentive Review Council (Council) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. The Council has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the County Auditor's Office and eight members appointed by boards of education located within the County. The Council reviews and evaluates the performance of each enterprise zone agreement. This body is advisory in nature and cannot directly impact an existing enterprise zone agreement, however; the Council can make written recommendations to the legislative authority.



# Mary Taylor, CPA

Auditor of State

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

Village of Strasburg  
Tuscarawas County  
358 Fifth Street SW  
Strasburg, Ohio 44680

To the Village Council:

We have audited the financial statements of the Village of Strasburg, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 11, 2009, 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 expressing our opinion on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated March 11, 2009.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702-1509  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated March 11, 2009.

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

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

**Mary Taylor, CPA**  
Auditor of State

March 11, 2009



VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Ohio Rev. Code Section 135.21 – the Village did not allocate interest properly.	Yes	Fully Corrected.





Mary Taylor, CPA  
Auditor of State

VILLAGE OF STRASBURG

TUSCARAWAS 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  
MAY 7, 2009