



**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2010-2009**



**Dave Yost • 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, 2010.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types For the Year Ended December 31, 2009.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Enterprise Funds For the Years Ended December 31, 2010 and 2009.....	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> .....	17
Schedule of Findings.....	19

**This page intentionally left blank.**



# Dave Yost • 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.

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

**Dave Yost**  
Auditor of State

September 23, 2011

**This page intentionally left blank.**



# Dave Yost • 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, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or 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, 2010 and 2009, 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 September 23, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Dave Yost**  
Auditor of State

September 23, 2011

**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, 2010**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$93,879	\$59,975			\$153,854
Municipal Income Tax		342,824			342,824
Intergovernmental	122,808	146,918			269,726
Charges for Services	109,417	50,245			159,662
Fines, Licenses and Permits	5,559				5,559
Earnings on Investments	11,243	89			11,332
Miscellaneous	14,875	1,795			16,670
<b>Total Cash Receipts</b>	<b>357,781</b>	<b>601,846</b>	<b>0</b>	<b>0</b>	<b>959,627</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	390,653	802			391,455
Public Health Services	1,872				1,872
Leisure Time Activities		32,928			32,928
Community Environment	3,102				3,102
Basic Utility Service	78,121				78,121
Transportation		126,433			126,433
General Government	204,768	22,535			227,303
Capital Outlay		128,601			128,601
<b>Total Cash Disbursements</b>	<b>678,516</b>	<b>311,299</b>	<b>0</b>	<b>0</b>	<b>989,815</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(320,735)</b>	<b>290,547</b>	<b>0</b>	<b>0</b>	<b>(30,188)</b>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	240,000	32,000		48,000	320,000
Transfers-Out		(320,000)			(320,000)
Other Financing Uses		(3,358)			(3,358)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>240,000</b>	<b>(291,358)</b>	<b>0</b>	<b>48,000</b>	<b>(3,358)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(80,735)	(811)	0	48,000	(33,546)
Fund Cash Balances, January 1	\$ 214,277	\$ 202,419	\$14	\$ 7,076	\$ 423,786
<b>Fund Cash Balances, December 31</b>	<b>\$133,542</b>	<b>\$201,608</b>	<b>\$14</b>	<b>\$55,076</b>	<b>\$390,240</b>
Reserve for Encumbrances, December 31	\$16,364	\$4,448	\$0	\$0	\$20,812

*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, 2009**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$87,934	\$57,036			\$144,970
Municipal Income Tax		373,937			373,937
Intergovernmental	113,784	141,080			254,864
Charges for Services	71,244	63,132			134,376
Fines, Licenses and Permits	8,097				8,097
Earnings on Investments	25,585	84			25,669
Miscellaneous	41,840				41,840
<b>Total Cash Receipts</b>	<b>348,484</b>	<b>635,269</b>	<b>0</b>	<b>0</b>	<b>983,753</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	346,803				346,803
Public Health Services	1,910				1,910
Leisure Time Activities		51,860			51,860
Community Environment	3,406				3,406
Basic Utility Service	67,336				67,336
Transportation		126,468			126,468
General Government	54,434	22,057			76,491
Capital Outlay	161,829	184,844		\$89,989	436,662
<b>Total Cash Disbursements</b>	<b>635,718</b>	<b>385,229</b>	<b>0</b>	<b>89,989</b>	<b>1,110,936</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(287,234)	250,040	0	(89,989)	(127,183)
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	285,000	38,000		57,000	380,000
Transfers-Out		(380,000)			(380,000)
Other Financing Uses		(3,230)			(3,230)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>285,000</b>	<b>(345,230)</b>	<b>0</b>	<b>57,000</b>	<b>(3,230)</b>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(2,234)	(95,190)	0	(32,989)	(130,413)
Fund Cash Balances, January 1	\$ 216,511	\$ 297,609	\$14	\$ 40,065	\$ 554,199
<b>Fund Cash Balances, December 31</b>	<b>\$214,277</b>	<b>\$202,419</b>	<b>\$14</b>	<b>\$7,076</b>	<b>\$423,786</b>
Reserve for Encumbrances, December 31	\$21,550	\$6,519	\$0	\$0	\$28,069

*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, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$1,148,409	\$1,149,538
Intergovernmental		\$169,078
Fines, Licenses and Permits	133,440	102,963
	1,281,849	1,421,579
<b>Operating Cash Disbursements:</b>		
Personal Services	372,508	345,392
Contractual Services	171,170	178,521
Supplies and Materials	104,512	120,000
	648,190	643,913
Total Operating Cash Disbursements	648,190	643,913
Operating Income	633,659	777,666
<b>Non-Operating Cash Receipts:</b>		
Other Non-Operating Cash Receipts	34	87
	34	87
Total Non-Operating Cash Receipts	34	87
<b>Non-Operating Cash Disbursements:</b>		
Capital Outlay	1,700	519,121
Interest and Fiscal Charges	52,302	100,657
Redemption of Principal	462,950	322,996
	516,952	942,774
Total Non-Operating Cash Disbursements	516,952	942,774
Net Receipts Over/(Under) Disbursements	116,741	(165,021)
Fund Cash Balances, January 1	\$ 1,551,987	\$ 1,717,008
<b>Fund Cash Balances, December 31</b>	<b>\$1,668,728</b>	<b>\$1,551,987</b>
Reserve for Encumbrances, December 31	\$17,890	\$22,172

*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, 2010 AND 2009**

**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, 2010 AND 2009  
(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:

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 to 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, 2010 AND 2009  
(Continued)**

**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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when 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 2010 and 2009 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, 2010 AND 2009  
(Continued)**

**2. 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:

	2010	2009
Demand deposits	\$1,571,697	\$1,489,035
Investments:		
STAR Ohio	487,271	486,738
Total deposits and investments	\$2,058,968	\$1,975,773

**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.

**3. Budgetary Activity**

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

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$641,121	\$597,781	(\$43,340)
Special Revenue	576,800	633,846	57,046
Debt Service	0	0	0
Capital Projects	50,000	48,000	(2,000)
Enterprise	1,196,100	1,281,883	85,783
Total	\$2,464,021	\$2,561,510	\$97,489

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$855,398	694,880	\$160,518
Special Revenue	779,219	639,105	140,114
Debt Service	14	0	14
Capital Projects	57,076	0	57,076
Enterprise	2,748,087	1,183,032	1,565,055
Total	\$4,439,794	\$2,517,017	\$1,922,777

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

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

**3. Budgetary Activity (Continued)**

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$651,244	\$633,484	(\$17,760)
Special Revenue	567,100	673,269	106,169
Debt Service	0	0	0
Capital Projects	50,000	57,000	7,000
Enterprise	1,196,100	1,421,666	225,566
Total	\$2,464,444	\$2,785,419	\$320,975

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$867,755	\$657,268	\$210,487
Special Revenue	855,419	774,978	80,441
Debt Service	14	0	14
Capital Projects	90,065	89,989	76
Enterprise	2,880,051	1,608,859	1,271,192
Total	\$4,693,304	\$3,131,094	\$1,562,210

**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, 2010 AND 2009  
(Continued)**

**6. Debt**

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1973 Sewer Mortgage Revenue Bonds	\$134,000	5.00%
OWDA-1999 Water Plant Building Loan #2887	\$1,033,288	2.00%
OWDA-WWTP Improvements & Expansion Loan #3478	<u>2,676,167</u>	2.20%
Total	<u><u>\$3,843,455</u></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>
2011	\$49,700	\$141,056	\$246,047
2012	49,550	141,056	246,047
2013	48,300	141,056	246,047
2014		141,056	246,047
2015		141,056	246,047
2016-2020		423,167	1,230,235
2021-2023			615,117
Total	<u><u>\$147,550</u></u>	<u><u>\$1,128,447</u></u>	<u><u>\$3,075,587</u></u>

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(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 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Employers liability insurance stop gap;
- Law enforcement liability;
- Public officials liability;
- Employment practices liability
- Errors and omissions.

**9. Related Party Transactions**

The Village Zoning Inspector is the owner of Wallicks Auctions from which the Village acquired services during both 2010 and 2009. The Village paid \$198.20 for this service in 2010 and \$1,035 for this service in 2009.

**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.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

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

**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.



# Dave Yost • 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  
Dover, Ohio 44622

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, 2010 and 2009, and have issued our report thereon dated September 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying Schedule of Findings 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, 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 also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 23, 2011.

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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

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

September 23, 2011

VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2010

1. Financial Reporting

<i>Finding Number</i>	2010-001
-----------------------	----------

MATERIAL WEAKNESS

As a result of the audit procedures performed, errors were noted in the financial statements that required audit adjustments and reclassifications as follows:

- In 2010 and 2009, \$14,291 and \$21,021, respectively, of intergovernmental receipts were incorrectly recorded as property tax receipts in the General Fund and \$10,898 and \$14,729, respectively, of intergovernmental receipts were incorrectly recorded as property tax receipts in certain Special Revenue Funds.
- In 2010, \$1,795 of charges for services receipts were incorrectly recorded as property tax receipts in certain Special Revenue Funds.
- In 2010 and 2009, \$19,199 and \$19,763, respectively, of intergovernmental receipts were incorrectly recorded as miscellaneous receipts in the General Fund.
- In 2010 and 2009, \$16,364 and \$21,550, respectively, of reserve for encumbrances were not recorded in the General Fund and \$4,448 and \$6,519, respectively, of reserve for encumbrances were not recorded in certain Special Revenue Funds and \$17,890 and \$22,172, respectively, of reserve for encumbrances were not recorded in certain Enterprise Funds.
- In 2010 and 2009, \$21,846 and \$24,184, respectively, of Debt Interest and Fiscal Charges and \$119,210 and \$116,872, respectively, of Reduction of Principal payments were incorrectly recorded as Capital Outlay in the Enterprise Water System Improvement Fund.
- In 2010 and 2009, \$30,456 and \$76,473, respectively, of Debt Interest was incorrectly recorded as Reduction of Principal in the Enterprise Sewer Fund.
- In 2010, \$84,197 representing a partial debt principal payment was improperly recorded as Capital Outlay in the Enterprise Sewer Fund.
- In 2009, \$169,078 of Ohio Public Works Commission receipts were improperly received and expended from the General Fund instead of the Enterprise Water Fund.

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The financial statements have been adjusted accordingly.

To help ensure the Village's financial statements and notes to the financial 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 Village Council, to identify and correct errors and omissions. The Fiscal Officer should also review the Village Handbook to help ensure receipts and expenditures are posted to the proper fund and line item.

**Official's Response:**

In response to Homestead and Rollback funds received from County Auditor coded incorrectly in 2009 and 2010. County Auditor changed the reporting system for settlements in 2009, including the Homestead Rollback funds. Prior to 2009 the Homestead Rollback funds were sent on a separate report and check. During audit we discussed this new reporting and I have reviewed settlements for 2011 and have posted funds correctly in the Homestead Rollback code.

In response to charges billed for Police Services, the Village began billing in 2009 for Police services. Funds were posted into the Police Levy. Funds for Ambulance billing is posted in the Fire Levy. Request information on where the Police Service funds should be posted.

In response to revenue posted into Miscellaneous Revenue for 2009 and 2010, the village received funding from FEMA and funding for Issue I and Issue II for Bodmer Avenue project. I have been instructed in the future for projects that I must obtain information from the County Auditor to create separate fund for these specific projects.

In response to Encumbrances not recorded at year end, will discuss all purchases before year end with Department Heads to make sure that all encumbrances at year end are reported in the correct year and on the cash balance report to County Auditor.

In response to payment on Water Treatment Plant, loan payment has always been paid from code E9-5A-250 Water System Improvement Fund. Monthly receipts from Water income is split between Water Fund and Water System Improvement Fund. Yearly revenue in Water System Improvement Fund is to cover loan payment. Request information on what fund should be paying this loan payment.

In response to Debt Interest for Sewer Fund being recorded as reduction of principal. Have attached copies of 2009 and 2010 Annual Reports showing principal payment amounts and have attached letters from OWDA showing principal and interest breakdown. No error is found, would like information showing this error.

In response to partial debt payment from Sewer Capital Outlay. Received letter from Capmark regarding shortage of principal on original Sewer Plant Loan. Made payment of \$128,150 to Capmark in December 2010 for the loan payment plus shortage of principal. Appropriations for code E2-5C-260 in 2010 were \$290,000 with the additional principal payment of Capmark the appropriations were at zero so a portion of the loan payment to OWDA was coded to E2-5C-250.

In response to the Ohio Public Works Commission receipts being recorded into the General Fund, after discussions with auditors I have been advised that in the future for any Issue I or Issue II grant funding to contact County Auditor to set up separate code for the grant funding.



# Dave Yost • 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  
OCTOBER 18, 2011