



Dave Yost • Auditor of State

VILLAGE OF STRASBURG
TUSCARAWAS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Strasburg, Tuscarawas County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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 opinion.

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

As described in Note 1 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2012 and 2011, or changes in financial position 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 Strasburg, Tuscarawas County as of December 31, 2012 and 2011, 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 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Village of Strasburg adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2013, 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

April 2, 2013

**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$102,813	\$79,137			\$181,950
Municipal Income Tax	444,923				444,923
Intergovernmental	74,283	147,608			221,891
Charges for Services	96,012	21,110			117,122
Fines, Licenses and Permits	11,192				11,192
Earnings on Investments	4,033	25			4,058
Miscellaneous	29,487	641			30,128
<i>Total Cash Receipts</i>	<u>762,743</u>	<u>248,521</u>	<u>0</u>	<u>0</u>	<u>1,011,264</u>
Cash Disbursements					
Current:					
Security of Persons and Property	368,420				368,420
Public Health Services	1,903				1,903
Leisure Time Activities		31,700			31,700
Community Environment	4,339				4,339
Basic Utility Services	80,000				80,000
Transportation		121,600			121,600
General Government	182,467				182,467
Capital Outlay	18,050	140,795		54,358	213,203
<i>Total Cash Disbursements</i>	<u>655,179</u>	<u>294,095</u>	<u>0</u>	<u>54,358</u>	<u>1,003,632</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>107,564</u>	<u>(45,574)</u>	<u>0</u>	<u>(54,358)</u>	<u>7,632</u>
Other Financing Receipts (Disbursements)					
Transfers In		52,492		78,739	131,231
Transfers Out	(131,231)				(131,231)
Other Financing Uses	(2,654)				(2,654)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(133,885)</u>	<u>52,492</u>	<u>0</u>	<u>78,739</u>	<u>(2,654)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(26,321)</u>	<u>6,918</u>	<u>0</u>	<u>24,381</u>	<u>4,978</u>
<i>Fund Cash Balances, January 1</i>	<u>202,250</u>	<u>24,406</u>	<u>14</u>	<u>4,675</u>	<u>231,345</u>
Fund Cash Balances, December 31					
Restricted		31,324			31,324
Assigned			14	29,056	29,070
Unassigned (Deficit)	175,929				175,929
<i>Fund Cash Balances, December 31</i>	<u>\$175,929</u>	<u>\$31,324</u>	<u>\$14</u>	<u>\$29,056</u>	<u>\$236,323</u>

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

**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$96,134	\$63,834			\$159,968
Municipal Income Tax	421,313				421,313
Intergovernmental	115,436	142,767			258,203
Charges for Services	100,032	40,398			140,430
Fines, Licenses and Permits	7,859				7,859
Earnings on Investments	6,617	69			6,686
Miscellaneous	66,717	640			67,357
<i>Total Cash Receipts</i>	<u>814,108</u>	<u>247,708</u>	<u>0</u>	<u>0</u>	<u>1,061,816</u>
Cash Disbursements					
Current:					
Security of Persons and Property	372,365				372,365
Public Health Services	1,791				1,791
Leisure Time Activities		37,419			37,419
Community Environment	4,025				4,025
Basic Utility Services	79,999				79,999
Transportation		127,079			127,079
General Government	236,836				236,836
Capital Outlay	53,780	198,980		104,351	357,111
<i>Total Cash Disbursements</i>	<u>748,796</u>	<u>363,478</u>	<u>0</u>	<u>104,351</u>	<u>1,216,625</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>65,312</u>	<u>(115,770)</u>	<u>0</u>	<u>(104,351)</u>	<u>(154,809)</u>
Other Financing Receipts (Disbursements)					
Transfers In		35,967		53,950	89,917
Transfers Out	(89,917)				(89,917)
Other Financing Sources	(4,085)				(4,085)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(94,002)</u>	<u>35,967</u>	<u>0</u>	<u>53,950</u>	<u>(4,085)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(28,690)</u>	<u>(79,803)</u>	<u>0</u>	<u>(50,401)</u>	<u>(158,894)</u>
<i>Fund Cash Balances, January 1</i>	<u>230,940</u>	<u>104,209</u>	<u>14</u>	<u>55,076</u>	<u>390,239</u>
Fund Cash Balances, December 31					
Restricted		24,406			24,406
Assigned			14	4,675	4,689
Unassigned	202,250				202,250
<i>Fund Cash Balances, December 31</i>	<u>\$202,250</u>	<u>\$24,406</u>	<u>\$14</u>	<u>\$4,675</u>	<u>\$231,345</u>

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

**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	2012	2011
	<u>Enterprise</u>	<u>Enterprise</u>
Operating Cash Receipts		
Charges for Services	\$1,143,330	\$1,128,717
Fines, Licenses and Permits	<u>\$116,510</u>	<u>\$85,362</u>
<i>Total Operating Cash Receipts</i>	<u>1,259,840</u>	<u>1,214,079</u>
Operating Cash Disbursements		
Personal Services	385,317	360,334
Contractual Services	218,707	176,895
Supplies and Materials	129,987	84,984
Capital Outlay	<u>143,677</u>	<u>24,263</u>
<i>Total Operating Cash Disbursements</i>	<u>877,688</u>	<u>646,476</u>
<i>Operating Income</i>	<u>382,152</u>	<u>567,603</u>
Non-Operating Receipts (Disbursements)		
Principal Retirement	(366,206)	(359,414)
Interest and Other Fiscal Charges	(70,903)	(79,788)
Other Financing Sources	<u>14</u>	<u>23</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(437,095)</u>	<u>(439,179)</u>
<i>Net Change in Fund Cash Balances</i>	(54,943)	128,424
<i>Fund Cash Balances, January 1</i>	<u>1,797,152</u>	<u>1,668,728</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,742,209</u></u>	<u><u>\$1,797,152</u></u>

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

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**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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, (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 participates in two jointly governed organizations. Notes 11 and 12 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Tuscarawas County Regional Planning Commission – 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.

Tuscarawas County Tax Incentive Review Council - 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,

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.

**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

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.

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, 2012 AND 2011
(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. Unencumbered 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 canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into three classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Restricted

Fund balance is *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.

2. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

F. Fund Balance (Continued)

3. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

G. 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.

H. 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.

2. Change in Accounting Principle and Restatement of Net Assets/Fund Equity

For fiscal year 2011, the Village reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	Fund Balance at December 31, 2010	GASB 54 Change in Fund Structure	Adjusted Fund Balance at December 31, 2010
General	\$133,542	\$97,399	\$230,941
Special Revenue	201,608	(97,399)	104,209

**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

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:

	2012	2011
Demand deposits	\$1,490,426	\$1,540,810
Investments:		
STAR Ohio	488,106	487,687
Total deposits and investments	\$1,978,532	\$2,028,497

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.

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$677,072	\$762,743	\$85,671
Special Revenue	290,400	301,013	10,613
Capital Projects	72,500	78,739	6,239
Enterprise	1,245,050	1,259,854	14,804
Total	\$2,285,022	\$2,402,349	\$117,327

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,322,628	\$789,064	\$533,564
Special Revenue	366,416	294,095	72,321
Capital Projects	77,175	54,358	22,817
Enterprise	2,970,437	1,314,797	1,655,640
Total	\$4,736,656	\$2,452,314	\$2,284,342

**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$690,701	\$814,108	\$123,407
Special Revenue	276,100	283,675	7,575
Capital Projects	50,000	53,950	3,950
Enterprise	1,196,100	1,214,102	18,002
Total	<u>\$2,212,901</u>	<u>\$2,365,835</u>	<u>\$152,934</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,221,641	\$842,798	\$378,843
Special Revenue	374,943	363,478	11,465
Capital Projects	105,076	104,351	725
Enterprise	2,864,828	1,085,678	1,779,150
Total	<u>\$4,566,488</u>	<u>\$2,396,305</u>	<u>\$2,170,183</u>

5. 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.

**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Local Income Tax

The Village levies a municipal income tax of 1 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.

7. Debt

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
OWDA- 1999 Water Plant Building Loan #2887	\$727,473	2%
OWDA- WTPP Improvements & Expansion Loan #3478	\$2,197,831	2.2%
Total	\$2,925,304	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,411,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$52,974, including interest, over 20 years. The scheduled payment amount below assumes that \$1,411,000 will be borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

	OWDA Water Plant Building Loan	OWDA WWTP Expansion Loan
Year ending December 31:		
2012	\$141,056	\$246,047
2013	141,056	246,047
2014	141,056	246,047
2015	141,056	246,047
2016	141,056	246,047
2017-2020	282,111	1,599,305
Total	\$987,391	\$2,829,540

**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. 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 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2012 and 2011, 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, 2012.

9. 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.

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.



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
Strasburg, Oh 44680

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 Village of Strasburg, Tuscarawas County, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated April 2, 2013 wherein we noted the Village adopted GASB Statement 54.

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 opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 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. We consider finding 2012-001 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, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2012-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 2, 2013.

Entity's Response to Finding

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.

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.



Dave Yost
Auditor of State

Columbus, Ohio

April 2, 2013

**VILLAGE OF STRASBURG
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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1. **Ohio Rev. Code Section 5705.10(H)**

<i>Finding Number</i>	2012-001
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MATERIAL WEAKNESS/NONCOMPLIANCE

Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established.

During 2011, the Village purchased a used Fire Truck for \$95,000 with the Fire Levy Fund paying \$35,000 and the remaining balance of \$60,000 paid from the Sewer System Improvement Fund. While the Village established a payment plan to pay back the Sewer System Improvement Fund the \$60,000 over a 3 year period, for \$20,000 per year, the use of the Sewer System Improvement Fund was inappropriate based on the purpose for which that fund was established to fund sewer system improvement projects within the Village. Since the Fire Levy Fund should have paid for the fire truck in its entirety, the Village's financial statements were adjusted as follows: 2011 capital outlay expenditures in the Sewer System Improvement Fund were reduced and capital outlay expenditures in the Fire Levy Fund were increased by \$60,000. During 2012, the Village made the first payment of \$20,000 dated May 31, 2012. As of December 31, 2012, the Sewer System Improvement Fund was still due \$40,000. On March 21, 2013, the Village made an adjustment of \$40,000 in their computer system, reducing the Fire Levy - Capital Projects account and increasing the Sewer System Improvement - Capital Projects account whereby correcting the inappropriate use of Sewer System Improvement funds.

The Village should research the appropriate use of funds based on the types of expenditures to be made. This will help ensure the Village does not inappropriately use monies from a fund that are legally restricted for certain purposes.

Official's Response: On March 21, 2013 the Village of Strasburg made an adjustment of \$40,000 in the Budgetary System reducing the Fire Levy Fund and increasing the Sewer System Improvement Fund to correct payment for the Fire Truck in 2011.

I have been advised by yourself that in the future if a situation arises where the Village needs to borrow from another fund for a purchase, I am able to contact you to make sure that the Village makes the purchase correctly.

VILLAGE OF STRASBURG
TUSCARAWAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Financial Reporting Comment – due to numerous adjustments	Yes	Finding No Longer Valid



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
MAY 9, 2013