

**VILLAGE OF STRASBURG**  
**AUDIT REPORT**  
**JANUARY 1, 2015 - DECEMBER 31, 2016**

**Wilson, Phillips & Agin, CPA's, Inc.**  
**1100 Brandywine Blvd. Building G**  
**Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Village Council  
Village of Strasburg  
358 Fifth Street SW  
Strasburg, Ohio 44680

We have reviewed the *Independent Auditor's Report* of the Village of Strasburg, Tuscarawas County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

June 12, 2017

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**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY  
JANUARY 1, 2015 - DECEMBER 31, 2016**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' 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 of the cash balances, receipts and disbursements by fund type and related notes of the Village of Strasburg, Tuscarawas County, as of and for the years ended December 31, 2016 and 2015.

**Management's Responsibility For the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 6, 2017, on our consideration of the Village of Strasburg'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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
April 6, 2017

**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, 2016**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Taxes	\$ 123,912	\$ 51,748	\$ -	\$ -	\$ 175,660
Municipal Income Tax	1,012,978	-	-	-	1,012,978
Intergovernmental	60,562	169,691	-	-	230,253
Charges for Services	122,995	88,082	-	-	211,077
Fines, Licenses, Permits	4,468	-	-	-	4,468
Earnings on Investments	9,172	23	-	-	9,195
Miscellaneous	22,096	650	-	-	22,746
<b>Total Cash Receipts</b>	<u>1,356,183</u>	<u>310,194</u>	<u>-</u>	<u>-</u>	<u>1,666,377</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	397,158	145	-	-	397,303
Public Health Services	1,796	-	-	-	1,796
Leisure Time Activities	-	31,001	-	-	31,001
Community Environment	5,115	-	-	-	5,115
Basic Utility Services	88,200	-	-	-	88,200
Transportation	-	147,783	-	-	147,783
General Government	255,134	-	-	-	255,134
Capital Outlay	429,985	126,044	-	184,581	740,610
Debt Service:					
Principal Retirement	12,039	-	-	-	12,039
Interest and Fiscal Charges	691	-	-	-	691
<b>Total Cash Disbursements</b>	<u>1,190,118</u>	<u>304,973</u>	<u>-</u>	<u>184,581</u>	<u>1,679,672</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	166,065	5,221	-	(184,581)	(13,295)
<b>Other Cash Financing Sources (Uses)</b>					
Transfers In	-	101,609	-	152,413	254,022
Proceeds of Loan	91,225	-	-	-	91,225
Transfers Out	(254,022)	-	-	-	(254,022)
Other Financing Uses	(14,846)	-	-	-	(14,846)
<b>Total Other Cash Financing Sources (Uses)</b>	<u>(177,643)</u>	<u>101,609</u>	<u>-</u>	<u>152,413</u>	<u>76,379</u>
<b>Net Change in Fund Cash Balance</b>	(11,578)	106,830	-	(32,168)	63,084
<b>Fund Cash Balances, January 1</b>	<u>402,642</u>	<u>90,532</u>	<u>14</u>	<u>97,959</u>	<u>591,147</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	197,362	-	-	197,362
Committed	-	-	-	65,791	65,791
Assigned	391,064	-	14	-	391,078
<b>Fund Cash Balances, December 31</b>	<u>\$ 391,064</u>	<u>\$ 197,362</u>	<u>\$ 14</u>	<u>\$ 65,791</u>	<u>\$ 654,231</u>

See notes to financial statements.

**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, 2015**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Taxes	\$ 113,216	\$ 449,790	\$ -	\$ -	\$ 563,006
Municipal Income Tax	902,896	-	-	-	902,896
Intergovernmental	67,869	166,620	-	350,040	584,529
Charges for Services	124,536	44,177	-	-	168,713
Fines, Licenses, Permits	4,332	-	-	-	4,332
Earnings on Investments	2,192	21	-	-	2,213
Miscellaneous	25,254	650	-	-	25,904
<b>Total Cash Receipts</b>	<u>1,240,295</u>	<u>661,258</u>	<u>-</u>	<u>350,040</u>	<u>2,251,593</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	419,203	-	-	-	419,203
Public Health Services	1,957	-	-	-	1,957
Leisure Time Activities	-	28,221	-	-	28,221
Community Environment	5,575	-	-	-	5,575
Basic Utility Services	87,765	-	-	-	87,765
Transportation	-	139,294	-	-	139,294
General Government	227,805	-	-	-	227,805
Capital Outlay	25,275	553,913	-	493,072	1,072,260
Debt Service:					
Principal Retirement	11,721	-	-	-	11,721
Interest and Fiscal Charges	1,009	-	-	-	1,009
<b>Total Cash Disbursements</b>	<u>780,310</u>	<u>721,428</u>	<u>-</u>	<u>493,072</u>	<u>1,994,810</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	459,985	(60,170)	-	(143,032)	256,783
<b>Other Cash Financing Sources (Uses)</b>					
Transfers In	-	86,131	-	129,198	215,329
Transfers Out	(215,329)	-	-	-	(215,329)
Other Financing Uses	(32,231)	-	-	-	(32,231)
<b>Total Other Cash Financing Sources (Uses)</b>	<u>(247,560)</u>	<u>86,131</u>	<u>-</u>	<u>129,198</u>	<u>(32,231)</u>
<b>Net Change in Fund Cash Balance</b>	212,425	25,961	-	(13,834)	224,552
<b>Fund Cash Balances, January 1</b>	<u>190,217</u>	<u>64,571</u>	<u>14</u>	<u>111,793</u>	<u>366,595</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	90,532	-	-	90,532
Committed	-	-	-	97,959	97,959
Assigned	402,102	-	14	-	402,116
Unassigned (Deficit)	540	-	-	-	540
<b>Fund Cash Balances, December 31</b>	<u>\$ 402,642</u>	<u>\$ 90,532</u>	<u>\$ 14</u>	<u>\$ 97,959</u>	<u>\$ 591,147</u>

See notes to financial statements.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Enterprise Fund	
	2016	2015
<b>Operating Cash Receipts:</b>		
Charges for Services	\$ 1,242,830	\$ 1,193,457
Fines, Licenses and Permits	97,538	94,329
<b>Total Operating Cash Receipts:</b>	1,340,368	1,287,786
 <b>Operating Cash Disbursements:</b>		
Personal Services	391,140	402,339
Contractual Services	214,538	203,106
Supplies and Materials	136,981	88,340
Capital Outlay	353,936	169,528
<b>Total Operating Cash Disbursements</b>	1,096,595	863,313
 <b>Operating Income</b>	243,773	424,473
 <b>Non-Operating Receipts/(Disbursements)</b>		
Principal Retirement	(348,217)	(340,991)
Interest and Other Fiscal Charges	(40,586)	(47,811)
<b>Total Non-Operating Receipts/(Disbursements)</b>	(388,803)	(388,802)
 <b>Net Change in Cash Fund Balance</b>	(145,030)	35,671
 <b>Fund Cash Balances, January 1</b>	1,935,129	1,899,458
 <b>Fund Cash Balances, December 31</b>	\$ 1,790,099	\$ 1,935,129

See notes to financial statements.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**1. REPORTING ENTITY**

**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 general government, including water and sewer utilities, street repair and maintenance, refuse and compost services, park operations, fire protection services and police services. The Village contracts with Smith Ambulance Services, Inc. to provide emergency medical services.

The Village participates in jointly governed organizations. Note 12 to the financial statements provides additional information for these entities.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

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

***Fund Accounting***

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

**Governmental Funds**

**General Fund**

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

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

**Police Levy Fund** - This fund receives property and other local tax money for the operation of the Village police department.

**Fire Levy Fund** - This fund receives property and other local tax money for the operation of the Village's volunteer fire department.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

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

**Debt Service Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

**Fire Truck Debt Service Fund** – This fund is used to account for the payment of principal and interest on the Village’s fire truck loan.

**Capital Project Funds**

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

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

**Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered 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 water revenues to maintain and make improvements to the sewer system.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

***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.

***Estimated Resources***

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

***Encumbrances***

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

A summary of 2016 and 2015 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village's accounting basis includes investment as assets. This basis does not record disbursement 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.

***Property, Plant, and Equipment***

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

***Accumulated Leave***

In certain circumstances, such as 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, 2016 and 2015**

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

***Fund Balance***

Fund balance is divided into five 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:

**Nonspendable** – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**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.

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

**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 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 ordinance, or by State Statute.

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (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 classification could be used.

**3. COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.41 (D), the Village had expenditures made prior to certification in 38% of disbursements tested.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2016 and 2015 is as follows:

<b>2016 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,090,000	\$ 1,447,408	\$ (642,592)
Special Revenue	417,000	411,803	(5,197)
Capital Projects	150,000	152,413	2,413
Enterprise	1,265,000	1,340,368	75,368
Total	<u>\$ 3,922,000</u>	<u>\$ 3,351,992</u>	<u>\$ (570,008)</u>

<b>2016 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,492,102	\$ 1,458,986	\$ 1,033,116
Special Revenue	507,531	304,973	202,558
Capital Projects	247,959	184,581	63,378
Enterprise	3,200,129	1,485,398	1,714,731
Total	<u>\$ 6,447,721</u>	<u>\$ 3,433,938</u>	<u>\$ 3,013,783</u>

<b>2015 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,830,000	\$ 1,240,295	\$ (589,705)
Special Revenue	782,000	747,389	(34,611)
Capital Projects	480,000	479,238	(762)
Enterprise	1,215,000	1,287,786	72,786
Total	<u>\$ 4,307,000</u>	<u>\$ 3,754,708</u>	<u>\$ (552,292)</u>

<b>2015 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,022,991	\$ 1,027,870	\$ 995,121
Special Revenue	854,427	721,428	132,999
Capital Projects	585,723	493,072	92,651
Enterprise	3,110,155	1,252,115	1,858,040
Total	<u>\$ 6,573,296</u>	<u>\$ 3,494,485</u>	<u>\$ 3,078,811</u>

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**5. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2016</u>	<u>2015</u>
Demand Deposits	\$ 825,128	\$ 1,015,696
STAR Ohio	<u>1,619,202</u>	<u>1,510,580</u>
Total Deposits and Investments	<u>\$ 2,444,330</u>	<u>\$ 2,526,276</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

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

**6. PROPERTY TAX**

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

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

**7. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5 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.

The Village's income tax of 1.5 percent is comprised of not more than 75 percent of the net available income tax being allocated to the General Fund, at least 15 percent of the net available income tax being allocated to the Capital Projects Fund and at least 10 percent of the net available income tax being allocated to the Park Fund.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Law enforcement liability;
- Public Officials liability;
- Employment practices liability; and
- Errors and omissions.

The Village provides health insurance to full-time employees through Tuscarawas County (County). The Village is invoiced their monthly premiums and the premiums are paid to the County. All risk transfers to the County.

**9. DEFINED BENEFIT PENSION PLAN**

*Ohio Public Employees Retirement System*

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

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2016.

*Ohio Police and Fire Retirement*

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.50% from January 1, 2015 through June 30, 2015 and contributed 12.25% from July 1, 2015 through December 31, 2016 of their wages. The Village contributed to OP&F an amount equal to 24.00% of full-time fire fighters wages and 19.50% of full-time police officers wages. The Village has paid all contributions required through December 31, 2016.

*Social Security*

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

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

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**10. POSTEMPLOYMENT BENEFITS**

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

**11. DEBT**

Debt outstanding at December 31, 2016 was as follows:

	2016 Principal	%
OWDA – 1999 Water Plant Building Loan #2887	\$ 206,064	2.00
OWDA – WTPP Improvements Loan #3478	1,375,929	2.20
OPWC Bodmer Ave. and Waterline	4,250	0.00
Kansas State Bank Backhoe	21,752	2.51
Kansas State Bank Ambulance	91,225	2.94
Total	\$ 1,699,220	

The Village received a \$2,306,464 loan (#2887) from the Ohio Water Development Authority (OWDA) to construct a new well water treatment plant in 2001. Semi-annual payments are made from the Water System Improvement Fund, with the final payment due July 1, 2018.

The Village was approved for a \$3,963,752 loan (#23478) from OWDA for a project upgrading the waste water treatment plant project in 1998. Semi-annual payments are made from the Sewer Fund, with the final payment due January 1, 2023.

The Village was approved for a \$17,000 loan (#CN06L) from the Ohio Public Works Commission (OPWC) for the installation of a water line on Bodmer Avenue between 5<sup>th</sup> and 9<sup>th</sup> in 2009. Semi-annual payments are made from the Water System Improvement Fund, with final payment due July 20, 2019.

In 2013, the Village was approved for a loan for the purchase of a backhoe in the amount of \$59,758 from the Kansas State Bank to be used at the compost site. The loan is to be repaid over 5 years, at an interest rate of 2.51% from the General Fund using compost charges for service. The final payment is due September 1, 2018. The loan is secured by the backhoe. The previous balance of \$44,548 was understated by \$964 to make the new balance as of December 31, 2014 of \$45,512.

In 2016, the Village was approved for a loan for the purchase of an ambulance in the amount of \$91,225 from the Kansas State Bank. The loan is to be repaid over 4 years, at an interest rate of 2.94% from the General Fund. The final payment is due May 15, 2020. The loan is secured by the ambulance.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016 and 2015**

**11. DEBT (Continued)**

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

Year	OWDA #2887	OWDA 3478	OPWC #CN06L	Backhoe Loan	Ambulance
2017	\$ 141,056	\$ 246,047	\$ 1,700	\$ 12,370	\$ 24,511
2018	70,528	246,047	1,700	9,547	24,511
2019	-	246,047	850	-	24,511
2020	-	246,047	-	-	24,511
2021	-	246,047	-	-	-
2022-2026	-	246,047	-	-	-
Total	<u>\$ 211,584</u>	<u>\$1,476,282</u>	<u>\$ 4,250</u>	<u>\$ 21,917</u>	<u>\$ 98,044</u>

**12. JOINTLY GOVERNED ORGANIZATIONS**

Tuscarawas County Regional Planning Commission (Commission)

The Village is associated with the Tuscarawas County Regional Planning Commission, (the Commission) as a Jointly Governed Organization. The Commission is statutorily created political subdivision of the state. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the Commission is limited to its representation on the board. The Commission make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical, and governmental characteristics, functions and services of the county. The Village has no responsibility for any of the Commissions liabilities. Complete financial statements can be obtained from the Commission.

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to Section 5705.62 of the Ohio Revised Code. TCTIRC has 44 members, consisting of 3 members appointed by the County Commissioners, 18 members appointed by municipal corporations, 14 members appointed by township trustees, 1 member from the county auditor's office and 8 members appointed by boards of education located within the county. TCTIRC 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 TCTIRC can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this TCTIRC. The continued existence of the TCTIRC is not dependent on the Village's continued participation and no measurable equity interest exists.

During 2016 and 2015, no monies were paid to the TCTIRC from the Village.

The Village does not retain an ongoing financial interest or an ongoing financial responsibility with the TCTIRC.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' 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, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Strasburg, Tuscarawas County as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated April 6, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Village of Strasburg'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 first 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. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2016-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Strasburg'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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2016-002.

***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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
April 6, 2017

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-001**

**Material Weakness**

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification to the financial statement as follows:

- The Village entered into a loan agreement with Kansas State Bank of Manhattan. Kansas State Bank of Manhattan made disbursements on be-half of the Village in the amount of \$91,225 in 2016. The Village did not report the Capital Outlay Disbursement or the corresponding Loan Proceeds in the General Fund.
- Governmental Accounting Standards Board (GASB) No. 54, paragraph 16 states that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenue satisfies the criteria to be classified as an assignment of fund balance. The following inaccurate reporting of fund balances were noted: The General Fund's year end cash balance was utilized to cover subsequent year appropriations exceeding estimated revenue at the end of 2016 and 2015 in the amounts of \$391,064 and \$402,102, respectively. However, these amounts were reported as Unassigned instead of Assigned; and The Capital Projects Funds source of revenue was derived from 15% of municipal income tax revenue per passage of Ordinance O-20-2006, which states that the purpose of the revenue is for capital improvements. Per approval of the Ordinance, Council has restrained the purpose of this fund balance. As such, the revenue has internal constraints and consequently, the fund balances should be reported a Committed, however, the Village reported Assigned amounts of 65,791 and \$97,959 in 2016 and 2015, respectively.
- The Village overstated transfers in the amount of \$762,067 and \$645,986 in the General Fund for 2016 and 2015, respectively. This was a result of the Village failing to eliminate transfers made between the General Fund and Income Tax Funds, which are combined for financial statements reporting at year end.
- In 2015, \$7,161 of Homestead and Rollback monies were posted to Property taxes in the General Fund.
- In 2015, \$26,795 was posted to Supplies and materials instead of Capital Outlay in the Sewer Fund for a vehicle.
- Principal and Interest payments of \$12,730 for 2016 and 2015 were posted to General Government.

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. 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 to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We received no response from client.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-002**

**Noncompliance – Certification of Funds**

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

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

**FINDING NUMBER 2016-002 (Continued)**

The Village did not certify the availability of funds prior to the purchase commitment for 38% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We received no response from client.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

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

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2014-001	Material Weakness Misclassifications of revenues, expenses and fund balances	No	Not Corrected: Cited in current report as finding 2016-001
2014-002	Material Weakness/ORC 5705.10 ( C ) posting of revenues	Yes	Finding No Longer Valid
2014-003	Material Weakness ORC 5705.10(I) Money paid into fund shall be used for that purpose	Yes	Finding No Longer Valid
2014-004	Noncompliance ORC 5705.40 Amended appropriations approved	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  
JUNE 27, 2017