



**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

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, 2000 and 1999. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As more fully discussed in Note 2 in the financial statements, the Special Revenue and Expendable Trust Fund cash balances were restated as of January 1, 1999, as the Village changed the fund type used to account for income tax.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

August 17, 2001

VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$63,066	\$37,983	\$12,000	\$0	\$314,270	\$427,319
Intergovernmental Receipts	143,984	94,829	0	0	0	238,813
Charges for Services	59,239	1,528	0	0	0	60,767
Fines, Licenses, and Permits	10,205	0	0	0	0	10,205
Interest	33,184	173	0	0	0	33,357
Miscellaneous	27,301	79	0	0	0	27,380
<b>Total Cash Receipts</b>	<b>336,979</b>	<b>134,592</b>	<b>12,000</b>	<b>0</b>	<b>314,270</b>	<b>797,841</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	208,696	0	0	0	0	208,696
Public Health Services	1,366	0	0	0	0	1,366
Leisure Time Activities	0	20,280	0	0	0	20,280
Basic Utility Services	5,277	2,346	0	0	0	7,623
Transportation	0	95,579	0	0	0	95,579
General Government	217,353	0	0	0	18,041	235,394
Debt Service:						
Principal Payments	0	0	8,639	0	0	8,639
Interest Payments	0	0	3,361	0	0	3,361
Capital Outlay	26,450	58,384	0	15,758	0	100,592
<b>Total Cash Disbursements</b>	<b>459,142</b>	<b>176,589</b>	<b>12,000</b>	<b>15,758</b>	<b>18,041</b>	<b>681,530</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(122,163)</b>	<b>(41,997)</b>	<b>0</b>	<b>(15,758)</b>	<b>296,229</b>	<b>116,311</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	180,000	24,000	0	36,000	0	240,000
Transfers-Out	0	0	0	0	(240,000)	(240,000)
Advances Out	(3,000)	(3,000)	0	(1,200)	(1,200)	(8,400)
Other Uses	0	0	0	0	(5,000)	(5,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>177,000</b>	<b>21,000</b>	<b>0</b>	<b>34,800</b>	<b>(246,200)</b>	<b>(13,400)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	54,837	(20,997)	0	19,042	50,029	102,911
Fund Cash Balances, January 1	208,468	73,992	3,000	17,485	85,204	388,149
<b>Fund Cash Balances, December 31</b>	<b>\$263,305</b>	<b>\$52,995</b>	<b>\$3,000</b>	<b>\$36,527</b>	<b>\$135,233</b>	<b>\$491,060</b>
Reserves for Encumbrances, December 31	\$7,423	\$3,040	\$0	\$0	\$71	\$10,534

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 AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$59,695	\$36,625	\$12,000	\$0	\$287,589	\$395,909
Intergovernmental Receipts	113,663	96,638	0	0	0	210,301
Charges for Services	59,107	2,347	0	0	0	61,454
Fines, Licenses, and Permits	6,844	0	0	0	0	6,844
Interest	26,112	456	0	0	0	26,568
Miscellaneous	12,929	198	0	0	0	13,127
Total Cash Receipts	<u>278,350</u>	<u>136,264</u>	<u>12,000</u>	<u>0</u>	<u>287,589</u>	<u>714,203</u>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	190,613	0	0	0	0	190,613
Public Health Services	648	0	0	0	0	648
Leisure Time Activities	0	10,703	0	0	0	10,703
Basic Utility Services	5,828	2,150	0	0	0	7,978
Transportation	0	83,003	0	0	0	83,003
General Government	194,601	0	0	0	18,040	212,641
Debt Service:						
Principal Payments	0	0	8,150	0	0	8,150
Interest Payments	0	0	3,850	0	0	3,850
Capital Outlay	38,748	43,001	0	22,725	0	104,474
Total Cash Disbursements	<u>430,438</u>	<u>138,857</u>	<u>12,000</u>	<u>22,725</u>	<u>18,040</u>	<u>622,060</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(152,088)</u>	<u>(2,593)</u>	<u>0</u>	<u>(22,725)</u>	<u>269,549</u>	<u>92,143</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	161,250	21,500	0	32,250	0	215,000
Transfers-Out	0	0	0	0	(215,000)	(215,000)
Advances Out	(3,000)	(3,000)	0	(1,200)	(1,200)	(8,400)
Other Uses	0	0	0	0	(2,556)	(2,556)
Total Other Financing Receipts/(Disbursements)	<u>158,250</u>	<u>18,500</u>	<u>0</u>	<u>31,050</u>	<u>(218,756)</u>	<u>(10,956)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	6,162	15,907	0	8,325	50,793	81,187
Fund Cash Balances January 1 (Restated, See Note 2)	<u>202,306</u>	<u>58,085</u>	<u>3,000</u>	<u>9,160</u>	<u>34,411</u>	<u>306,962</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$208,468</u></b>	<b><u>\$73,992</u></b>	<b><u>\$3,000</u></b>	<b><u>\$17,485</u></b>	<b><u>\$85,204</u></b>	<b><u>\$388,149</u></b>
Reserves for Encumbrances, December 31	<u>\$10,820</u>	<u>\$12,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$23,320</u>

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



**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**COMBINED STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ENTERPRISE FUND  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<b>2000</b>	<b>1999</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$706,720	\$707,424
<b>Operating Cash Disbursements:</b>		
Personal Services	191,569	172,337
Contractual Services	67,440	50,580
Supplies and Materials	37,779	33,220
Capital Outlay	108,389	584,467
Total Operating Cash Disbursements	405,177	840,604
Operating Income/(Loss)	301,543	(133,180)
<b>Non-Operating Cash Receipts:</b>		
Intergovernmental Receipts	1,465	102,387
Interest	12,670	9,688
Proceeds of Loans	0	292,092
Other Non-Operating Receipts	7,161	4,951
Total Non-Operating Cash Receipts	21,296	409,118
<b>Non-Operating Cash Disbursements:</b>		
Debt Service:		
Principal	134,208	131,216
Interest	69,473	72,665
Total Non-Operating Cash Disbursements	203,681	203,881
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Advances	119,158	72,057
Advances-In	12,000	12,000
Advances-Out	(3,600)	(3,600)
Net Cash Receipts Over Cash Disbursements	127,558	80,457
Fund Cash Balances, January 1	1,265,235	1,184,778
<b>Fund Cash Balances, December 31</b>	<b>\$1,392,793</b>	<b>\$1,265,235</b>
Reserves for Encumbrances, December 31	\$8,138	\$8,250

*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, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Strasburg, Tuscarawas County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services. The Village contracts with the Strasburg Volunteer Fire Department to provide fire protection services.

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

The Village is associated with certain organizations which are defined as Jointly Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, Reporting Entity. These organizations are presented in Notes 9 and 10. These organizations include:

- Tuscarawas County Regional Planning Commission
- Tuscarawas County Tax Incentive Review Council

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Village maintains all cash in an interest bearing checking account.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

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

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

Police Levy Fund - This fund receives levy monies to assist in operating and maintaining the police department.

**3. Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, bonds and note indebtedness. The Village has the following Debt Service Fund:

Fire Truck Debt Service Fund - This fund receives a portion of property tax revenue to account for the payment of principal and interest on the Village's fire truck loan.

**4. Capital Projects Fund**

The Capital Projects Fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village has the following Capital Projects Fund:

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

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**D. Fund Accounting (Continued)**

**5. Fiduciary Fund**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village has the following Expendable Trust Fund:

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

**6. 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 has the following Enterprise Funds:

Water Fund - This fund is used to account for charges for services received from residents to cover the cost of providing this utility.

Sewer Fund - This fund is used to account for charges for services received from residents to cover the cost of providing this utility.

Water Treatment Plant Fund - This fund receives proceeds from loans provided by the Ohio Water Development Authority to construct a new water treatment plant.

**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 level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when 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.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**2. CHANGE IN REPORTING INCOME TAX ACTIVITIES**

For internal purposes, the Village has recorded all activity associated with the collection and administration of the Village's income tax within an Expendable Trust Fund; however, for financial reporting purposes, the Village reflected income tax fund activities as a Special Revenue Fund as of December 31, 1998. To be consistent, income tax fund activities will now be reported within an Expendable Trust Fund for financial reporting purposes. Accordingly, the fund cash balances were restated as of January 1, 1999, to correct the overstatement and understatement of income tax fund activities within the Special Revenue and Expendable Trust Funds, respectively. The effects of the restatement on the fund cash balances are as follows:

	<b>Special Revenue</b>	<b>Expendable Trust</b>
Fund Balance at January 1, 1999, as previously reported	\$ 92,494	\$ 0
Restatement for income tax activity	<u>(34,411)</u>	<u>34,411</u>
Fund Balance at January 1, 1999, Restated	<u>\$ 58,083</u>	<u>\$ 34,411</u>

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

The Village maintains a cash and investment 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>2000</u>	<u>1999</u>
Demand deposits	\$ 1,501,035	\$ 1,293,628
STAR Ohio	<u>382,818</u>	<u>359,757</u>
Total deposits and investments	<u>\$ 1,883,853</u>	<u>\$ 1,653,385</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 452,665	\$ 516,979	\$ 64,314
Special Revenue	165,200	158,592	(6,608)
Debt Service	12,000	12,000	0
Capital Projects	90,000	36,000	(54,000)
Expendable Trust	290,000	314,270	24,270
Enterprise	<u>4,739,000</u>	<u>728,016</u>	<u>(4,010,984)</u>
Total	<u>\$ 5,748,865</u>	<u>\$ 1,765,857</u>	<u>\$ (3,983,008)</u>

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 614,922	\$ 466,565	\$ 148,357
Special Revenue	222,292	179,629	42,663
Debt Service	15,000	12,000	3,000
Capital Projects	106,285	15,758	90,527
Expendable Trust	373,903	263,112	110,791
Enterprise	6,015,588	616,996	5,398,592
Total	<u>\$ 7,347,990</u>	<u>\$ 1,554,060</u>	<u>\$ 5,793,930</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 460,320	\$ 439,600	\$ (20,720)
Special Revenue	162,400	157,764	(4,636)
Debt Service	12,000	12,000	0
Capital Projects	93,000	32,250	(60,750)
Expendable Trust	296,000	287,589	(8,411)
Enterprise	4,618,000	1,116,542	(3,501,458)
Total	<u>\$ 5,641,720</u>	<u>\$ 2,045,745</u>	<u>\$ (3,595,975)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 646,023	\$ 441,258	\$ 204,765
Special Revenue	210,994	151,357	59,637
Debt Service	15,000	12,000	3,000
Capital Projects	93,010	22,725	70,285
Expendable Trust	329,111	235,596	93,515
Enterprise	5,670,218	1,052,735	4,617,483
Total	<u>\$ 6,964,356</u>	<u>\$ 1,915,671</u>	<u>\$ 5,048,685</u>



**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**5. NON-COMPLIANCE**

Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded total estimated resources for certain funds during 2000.

Contrary to Ohio Rev. Code Section 135.21 and Ohio Constitution, Article XII, Section 5a, interest earned on money derived from a motor vehicle license or fuel tax was not initially allocated properly.

**6. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

**7. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1973 Sewer Mortgage Revenue Bonds	\$ 443,000	5.00%
1999 Ohio Water Development Authority - Water Plant Building Loan	2,065,320	2.00%
1997 Ohio Water Development Authority - Water Plant Engineering Fees Loan	30,000	0.00%
1995 Ohio Water Development Authority - Sewer Plant Building Loan	25,224	5.25%
1997 Fire Truck Loan	<u>48,124</u>	6.00%
Total Debt Outstanding	<u>\$ 2,611,668</u>	

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. DEBT (Continued)**

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, sewer reserves, and sewer surpluses.

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) water plant engineering fees loan relates to the upgrade of the Village's existing water treatment plant. The loan will be repaid in annual installments over 10 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) sewer plant building loan relates to the construction of a wastewater treatment plant. The loan will be repaid in semiannual installments, with interest, over 30 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The fire truck loan from the Strasburg Savings & Loan Company relates to the purchase of a fire truck. The loan will be repaid in quarterly installments with interest over 8 years. The loan is collateralized by the Village's pooled deposits. The Village has agreed to maintain receipts sufficient to cover the debt service requirements.

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

Year ending December 31:	Mortgage Revenue Bonds	OWDA Water Plant Building Loan	OWDA Water Plant Engineering Fees Loan	OWDA Sewer Plant Loan	Fire Truck Loan
2001	\$ 49,300	\$ 141,056	\$ 5,000	\$ 8,074	\$ 12,000
2002	50,000	141,054	5,000	8,074	12,000
2003	49,600	141,056	5,000	8,074	12,000
2004	50,150	141,056	5,000	4,037	12,000
2005	49,600	141,054	5,000	0	10,531
Subsequent	<u>347,850</u>	<u>1,833,724</u>	<u>5,000</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 596,500</u>	<u>\$ 2,539,000</u>	<u>\$ 30,000</u>	<u>\$ 28,259</u>	<u>\$ 58,531</u>

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**8. RETIREMENT SYSTEMS**

The Village's full-time law enforcement officers belong to the Police and Firemen's Disability and Pension Fund (PFDPF). Other full-time and part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. PERS members contributed 8.5% of their gross salaries. During 2000, the Village contributed an amount equal to 10.84% of participants' gross salaries. During 1999, the Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**9. RISK MANAGEMENT**

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- Comprehensive Property and General Liability
- Vehicles
- Errors and omissions
- Dishonesty

The Village also provides health insurance and dental and vision coverage to full-time employees through the Tuscarawas County Benefit Plan.

**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 among Tuscarawas County, and other cities, villages, and townships. 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 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 Tax 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 member 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 who approved the agreement. There is no cost associated with being a member of the Council. The continued

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW  
Fourth Floor  
Canton, Ohio 44702  
Telephone 330-438-0617  
800-443-9272  
Facsimile 330-471-0001  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Strasburg, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 17, 2001, which included an explanatory paragraph related to the Village changing the fund type used to account for income tax activities. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-31279-001 and 2000-31279-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 17, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Strasburg's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2000-31279-003 and 2000-31279-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe neither of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 17, 2001.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

August 17, 2001

**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

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

**FINDING NUMBER 2000-31279-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources when amending appropriations.

Total appropriations exceeded total estimated resources as follows:

<b>Enterprise Funds</b>	<b>2000 Variance</b>	<b>% of Est. Resources</b>	<b>1999 Variance</b>	<b>% of Est. Resources</b>
Sewer System Improvement	\$32,948	9%	\$81,880	26%
Sanitary Sewer	362,980	71%	318,120	68%

Village Council should frequently monitor appropriations versus estimated resources to help avoid overspending funds. In addition, the Village Clerk should obtain the required certification from the County Auditor that appropriations from each fund do not exceed estimated resources.

**FINDING NUMBER 2000-31279-002**

**Noncompliance Citation**

**Article XII, Section 5a Ohio Constitution, and Ohio Attorney General Opinion 1982 Op. Attorney General No. 82-031** mandates that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal. **Ohio Rev. Code Section 135.21** requires all other interest earned be credited to the General Fund of the subdivision, with certain exceptions.

During 2000 and 1999, the Village pooled cash from all funds into interest bearing checking and Star Ohio accounts. However, the Village Clerk did not initially distribute interest earned in accordance with the above requirements. As a result, interest earnings in the Enterprise Fund and General Fund were initially overstated and understated, respectively, as follows:

<b>Funds</b>	<b>Interest Distributed</b>	<b>Interest Required to be Distributed</b>	<b>Variance</b>
<b>2000</b>			
<b>General Fund</b>	\$4,385	\$37,569	(\$33,184)
<b>Enterprise Funds</b>			
Water Fund	21,569	0	21,569
Water System Improvement Fund	9,844	0	9,844

**FINDING NUMBER 2000-31279-002**  
**(Continued)**

**1999**

<b>General Fund</b>	\$4,676	\$30,757	(\$26,081)
<b>Enterprise Funds</b>			
Water Fund	16,378	0	16,378
Water System Improvement Fund	8,402	0	8,402

The Village Clerk should post interest earnings in the General Fund unless otherwise required by the aforementioned Attorney General Opinion or Ohio Rev. Code Section. (Interest has been subsequently adjusted by the Village and is reflected on the financial statements).

**FINDING NUMBER 2000-31279-003**

**Reportable Condition - Non-Payroll Expenditures**

At the beginning of fiscal years 2000 and 1999, the Village Clerk and Mayor signed a single blank Purchase Order and, on an as needed basis, that Purchase Order was copied to expedite the approval process for the purchase of Village goods and services and to certify that funds were available for expenditure. Therefore, as obligations were incurred by the Village, the Village Clerk obtained a copy of the signed Purchase Order; added the pertinent vendor and amount; assigned a Purchase Order number; and affixed a certification date. As a result, the likelihood of unauthorized, unnecessary or inappropriate purchases was increased. In addition, as it relates to the Ohio Rev. Code, the risk of over spending a fund at the legal level of control or even spending a fund into a deficit fund cash balance was similarly increased.

The Village should utilize pre-printed and pre-numbered Purchase Orders to initiate the procurement process. At the same time, the Village should determine whether Purchase Orders will be maintained centrally within the Village Clerk's office or within the various departments. Once the determination is made to purchase a good or service, a Purchase Order should be completed by the respective employee, forwarded to appropriate Village personnel for approval, and finally provided to the Village Clerk for certification of the availability of funds. These steps will help ensure the appropriateness of all Village purchases and maintain Ohio Rev. Code compliance.



**FINDING NUMBER 2000-31279-004**

**Reportable Condition - Monitoring Estimated Receipts and Appropriations**

During 2000 and 1999, the estimated receipts posted to certain funds on the Village's Budget History Report did not agree to amounts approved by Village Council ranging between \$2,000 and \$89,200. In addition, during 1999, appropriations posted to certain funds on the Village's Budget History Report did not agree to amounts approved by Village Council ranging between \$6,500 and \$128,960. As a result, Village Council and the Village Clerk were unable to accurately monitor the Village's budget status.

The Village Clerk should periodically reconcile estimated receipts and appropriations posted to the Village's Budget History Report to the amounts approved by Village Council. This will help ensure Village Council and the Village Clerk can effectively monitor and assess, on an on-going basis, the Village's actual-to-budget activity.

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**VILLAGE OF STRASBURG  
TUSCARAWAS COUNTY**

**DECEMBER 31, 2000 AND 1999  
SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
1998-31279-001	The Village Clerk and Mayor made copies of one signed purchase order at the beginning of each fiscal year to expedite the approval process.	No	During 2000 and 1999, the Village followed the same procedures. The Village Clerk, Mayor, and Village Council have strengthened internal control procedures by requiring original signatures on all purchase orders beginning in fiscal year 2001.
1998-31279-002	The Village did not establish a Special Revenue Income Tax Administration Fund to account for the costs of collecting, administering, and enforcing Village income tax provisions.	Yes	During 2000 and 1999, the Village continued to utilize an Expendable Trust Income Tax Administration Fund to account for the costs of collecting, administering, and enforcing Village income tax provisions. In previous years, this accounting treatment was deemed improper; however, the Auditor of State's Office has subsequently deemed it allowable. Therefore, the finding was removed and the January 1, 1999, balances were subsequently restated.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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  
SEPTEMBER 20, 2001**