



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF MILLBURY
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Millbury
Wood County
228 North First Street
P.O. Box 457
Oakwood, Ohio 45873-0457

To Village Council:

We have audited the accompanying financial statements of the Village of Millbury, Wood County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 generally accepted accounting principles.

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, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2000, 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.

This report is intended solely for the information and use of management, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

September 14, 2000

**VILLAGE OF MILLBURY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$11,249	\$224,999		\$236,248
Special Assessments		10,563		10,563
Intergovernmental Receipts	32,172	71,606		103,778
Charges for Services	4,581			4,581
Fines, Licenses, and Permits	3,686			3,686
Earnings on Investments	29,142	2,787		31,929
Miscellaneous	343	30		373
	<u>81,173</u>	<u>309,985</u>		<u>391,158</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	22,270	25,559		47,829
Leisure Time Activities	18,862	27,573		46,435
Community Environment	3,100			3,100
Basic Utility Services	65,297	2,162		67,459
Transportation		41,769		41,769
General Government	46,634	17,613		64,247
Capital Outlay			\$36,854	36,854
	<u>156,163</u>	<u>114,676</u>	<u>36,854</u>	<u>307,693</u>
Total Receipts Over/(Under) Disbursements	<u>(74,990)</u>	<u>195,309</u>	<u>(36,854)</u>	<u>83,465</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	134,900		57,900	192,800
Transfers-Out		(192,800)		(192,800)
	<u>134,900</u>	<u>(192,800)</u>	<u>57,900</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	59,910	2,509	21,046	83,465
Fund Cash Balances, January 1	<u>382,057</u>	<u>96,944</u>	<u>196,701</u>	<u>675,702</u>
Fund Cash Balances, December 31	<u>\$441,967</u>	<u>\$99,453</u>	<u>\$217,747</u>	<u>\$759,167</u>
Reserves for Encumbrances, December 31				

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

**VILLAGE OF MILLBURY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$11,408	\$191,294		\$202,702
Special Assessments		10,852		10,852
Intergovernmental Receipts	29,180	42,282		71,462
Charges for Services	7,366			7,366
Fines, Licenses, and Permits	3,634			3,634
Earnings on Investments	33,352	5,258		38,610
Miscellaneous	8,540	350	\$1,000	9,890
	<u>93,480</u>	<u>250,036</u>	<u>1,000</u>	<u>344,516</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	13,270	35,387		48,657
Leisure Time Activities	16,021			16,021
Community Environment	4,806			4,806
Basic Utility Services	72,694			72,694
Transportation		42,130		42,130
General Government	61,638	18,525		80,163
Capital Outlay		22,166	128,392	150,558
	<u>168,429</u>	<u>118,208</u>	<u>128,392</u>	<u>415,029</u>
Total Receipts Over/(Under) Disbursements	<u>(74,949)</u>	<u>131,828</u>	<u>(127,392)</u>	<u>(70,513)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	388,500		166,500	555,000
Other Financing Sources/(Uses)	161,000	(230,000)	69,000	
Transfers-Out		(555,000)		(555,000)
Contingencies	(2,700)			(2,700)
	<u>546,800</u>	<u>(785,000)</u>	<u>235,500</u>	<u>(2,700)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	471,851	(653,172)	108,108	(73,213)
Fund Cash Balances, January 1	<u>(89,794)</u>	<u>750,116</u>	<u>88,593</u>	<u>748,915</u>
Fund Cash Balances, December 31	<u>\$382,057</u>	<u>\$96,944</u>	<u>\$196,701</u>	<u>\$675,702</u>
Reserves for Encumbrances, December 31	<u>\$30,000</u>			<u>\$30,000</u>

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

**VILLAGE OF MILLBURY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Millbury, Wood 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 park operations (leisure time activities), and fire services. The Village contracts with Lake Township's Police department to provide security of persons and property.

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

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

Certificates of deposit are valued at cost.

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 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 Fund

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

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

VILLAGE OF MILLBURY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

Police Protection Fund - This fund receives receipts from a tax levy and provides police protection for the Village.

Village Income Tax Fund -This fund receives income tax revenue and provides general government services.

3. Capital Project Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital project fund:

Capital Project Fund - This fund receives transfers from the Village Income Tax Fund for various construction projects.

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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

VILLAGE OF MILLBURY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

	<u>1999</u>	<u>1998</u>
Demand deposits	\$85,581	\$32,132
Certificates of deposit	<u>673,586</u>	<u>643,570</u>
Total deposits	<u>\$759,167</u>	<u>\$675,702</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follow:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$167,764	\$216,073	\$48,309
Special Revenue	280,788	309,985	29,197
Capital Projects	<u>64,200</u>	<u>57,900</u>	<u>(6,300)</u>
Total	<u>\$512,752</u>	<u>\$583,958</u>	<u>\$71,206</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$259,750	\$156,163	\$103,587
Special Revenue	339,235	307,476	31,759
Capital Projects	<u>95,000</u>	<u>36,854</u>	<u>58,146</u>
Total	<u>\$693,985</u>	<u>\$500,493</u>	<u>\$193,492</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$482,162	\$481,980	(\$182)
Special Revenue	241,440	250,036	8,596
Capital Projects	<u>155,000</u>	<u>167,500</u>	<u>12,500</u>
Total	<u>\$878,602</u>	<u>\$899,516</u>	<u>\$20,914</u>

**VILLAGE OF MILLBURY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$376,325	\$171,129	\$205,196
Special Revenue	726,500	673,208	53,292
Capital Projects	150,000	128,392	21,608
Total	<u>\$1,252,825</u>	<u>\$972,729</u>	<u>\$280,096</u>

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (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:

- General liability and casualty
- Public official's liability
- Vehicle



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

Village of Millbury
Wood County
228 North First Street
P.O. Box 457
Oakwood, Ohio 45873-0457

To Village Council:

We have audited the accompanying financial statements of the Village of Millbury, Wood County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated September 14, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 September 14, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

September 14, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

VILLAGE OF MILLBURY

WOOD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 17, 2000**