

**VILLAGE OF MILLBURY
WOOD COUNTY**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008



Mary Taylor, CPA

Auditor of State

Members of Village Council
Village of Millbury
28430 Main Street
P.O. Box 155
Millbury, Ohio 43447

We have reviewed the *Independent Auditor's Report* of the Village of Millbury, Wood County, prepared by LublinSussman Group LLP, for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Millbury is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 7, 2010

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LublinSussman Group LLP

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INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Millbury
Wood County
28430 Main Street, P.O. Box 155
Millbury, OH 43447-0155

We have audited the accompanying statements of cash receipts, cash disbursements, and changes in fund balances - all governmental and proprietary fund types of the Village of Millbury, Wood County, (the Village) as of December 31, 2009 and 2008. 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 the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 described more fully in Note 1, the Village prepares its financial statements using accounting practices prescribed or permitted by the Auditor of State. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds presented in the accompanying financial statements, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Millbury, Wood County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated May 17, 2010 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Seublin Sussman Group LLP

May 17, 2010
Toledo, Ohio

**VILLAGE OF MILLBURY
WOOD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			Totals (Memo. Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 22,169	\$ 765	\$ 0	\$ 22,934
Municipal Income Tax	0	196,498	0	196,498
Special Assessments	0	28,465	0	28,465
Intergovernmental Receipts	67,269	73,654	0	140,923
Charges for Services	3,081	211	0	3,292
Fines, Licenses, and Permits	8,896	0	0	8,896
Earnings on Investments	8,686	425	514	9,625
Miscellaneous	<u>3,938</u>	<u>0</u>	<u>0</u>	<u>3,938</u>
Total Cash Receipts	<u>114,039</u>	<u>300,018</u>	<u>514</u>	<u>414,571</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	42,000	33,618	0	75,618
Leisure Time Activities	30,775	0	0	30,775
Community Environment	2,508	0	0	2,508
Basic Utility Services	60,136	0	0	60,136
Transportation	9,231	69,772	9,311	88,314
General Government	71,838	17,882	0	89,720
Debt Service:				
Principal Payments	19,129	0	0	19,129
Capital Outlay	<u>0</u>	<u>0</u>	<u>89,949</u>	<u>89,949</u>
Total Cash Disbursements	<u>235,617</u>	<u>121,272</u>	<u>99,260</u>	<u>456,149</u>
Total Receipts Over/(Under) Disbursements	<u>(121,578)</u>	<u>178,746</u>	<u>(98,746)</u>	<u>(41,578)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	120,056	3,194	86,836	210,086
Transfers-Out	<u>(38,578)</u>	<u>(171,508)</u>	<u>0</u>	<u>(210,086)</u>
Total Other Financing Receipts (Disbursements)	<u>81,478</u>	<u>(168,314)</u>	<u>86,836</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(40,100)	10,432	(11,910)	(41,578)
Fund Cash Balances, January 1	<u>378,613</u>	<u>103,933</u>	<u>225,339</u>	<u>707,885</u>
Fund Cash Balances, December 31	<u>\$ 338,513</u>	<u>\$ 114,365</u>	<u>\$ 213,429</u>	<u>\$ 666,307</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See Notes to Financial Statements

VILLAGE OF MILLBURY
WOOD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Enterprise</u>
Operating Cash Receipts	\$ 0
Operating Cash Disbursements:	
Supplies and Materials	12,000
Contractual Services	<u>2,601</u>
Total Operating Cash Disbursements	<u>14,601</u>
Operating Loss	<u>(14,601)</u>
Non-Operating Cash Receipts:	
Special Assessments	<u>16,734</u>
Net Receipts Over Disbursements	<u>2,133</u>
Fund Cash Balances, January 1	<u>10,594</u>
Fund Cash Balances, December 31	\$ <u>12,727</u>
Reserve for Encumbrances, December 31	\$ <u>0</u>

See Notes to Financial Statements

**VILLAGE OF MILLBURY
WOOD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types			Totals (Memo. Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 15,335	\$ 1,010	\$ 0	\$ 16,345
Municipal Income Tax	0	218,960	0	218,960
Special Assessments	0	27,087	0	27,087
Intergovernmental Receipts	29,017	78,978	0	107,995
Charges for Services	4,167	421	0	4,588
Fines, Licenses, and Permits	8,419	0	0	8,419
Earnings on Investments	17,360	1,477	3,460	22,297
Miscellaneous	<u>408</u>	<u>0</u>	<u>0</u>	<u>408</u>
Total Cash Receipts	<u>74,706</u>	<u>327,933</u>	<u>3,460</u>	<u>406,099</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	40,000	32,463	0	72,463
Leisure Time Activities	32,881	0	0	32,881
Community Environment	4,161	0	0	4,161
Basic Utility Services	54,158	0	0	54,158
Transportation	13,217	69,666	0	82,883
General Government	83,296	22,209	0	105,505
Debt Service:				
Principal Payments	19,129	0	0	19,129
Capital Outlay	<u>0</u>	<u>8,698</u>	<u>25,996</u>	<u>34,694</u>
Total Cash Disbursements	<u>246,842</u>	<u>133,036</u>	<u>25,996</u>	<u>405,874</u>
Total Receipts Over/(Under) Disbursements	<u>(172,136)</u>	<u>194,897</u>	<u>(22,536)</u>	<u>225</u>
Other Financing Receipts and (Disbursements):				
Transfers-In	138,776	1,900	109,475	250,151
Transfers-Out	<u>(51,900)</u>	<u>(198,251)</u>	<u>0</u>	<u>(250,151)</u>
Total Other Financing Receipts (Disbursements)	<u>86,876</u>	<u>(196,351)</u>	<u>109,475</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(85,260)	(1,454)	86,939	225
Fund Cash Balances, January 1	<u>463,873</u>	<u>105,387</u>	<u>138,400</u>	<u>707,660</u>
Fund Cash Balances, December 31	<u>\$ 378,613</u>	<u>\$ 103,933</u>	<u>\$ 225,339</u>	<u>\$ 707,885</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 1,500</u>	<u>\$ 0</u>	<u>\$ 1,500</u>

See Notes to Financial Statements

VILLAGE OF MILLBURY
WOOD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008

		<u>Enterprise</u>
Operating Cash Receipts	\$	0
Operating Cash Disbursements:		
Contractual Services		<u>1,901</u>
Total Operating Cash Disbursements		<u>1,901</u>
Operating Income		<u>(1,901)</u>
Non-Operating Cash Receipts:		
Special Assessments		<u>12,495</u>
Net Receipts Over Disbursements		<u>10,594</u>
Fund Cash Balances, January 1		<u>0</u>
Fund Cash Balances, December 31	\$	<u>10,594</u>
Reserve for Encumbrances, December 31	\$	<u>0</u>

See Notes to Financial Statements

VILLAGE OF MILLBURY
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

ORGANIZATION

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 park operations. The Village contracts with Lake Township to provide security of persons and property. The Village is also provided fire protection services from the Lake Township Volunteer Fire Department which is paid for by the levies that are passed by the residents.

The Village participates in the Ohio Government Risk Management Plan public entity risk pool. Note 8 to the financial statements provide additional information for this entity. This organization is a Public Entity Risk Pool which is an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to governments.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

CASH AND INVESTMENTS

Certificates of deposit and investments are reported in the fund cash balances at cost. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. At the time of sale, gains or losses are recorded as receipts or disbursements, respectively. Certificates of deposit that have a maturity date greater than one year from issuance are reported as an investment.

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:

a. **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.

VILLAGE OF MILLBURY
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or 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.

State Highway Fund - This fund receives gasoline tax and motor vehicle fuel tax money for constructing, maintaining and repairing state highways.

Village Income Tax Fund - This fund receives income tax revenues to be used for general government services and capital improvements.

Street Light Assessment Fund - This fund receives Village special assessments and is used for payment of street lighting.

c. Capital Project Funds

These funds are 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 had the following significant capital project funds:

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

Reserve for Capital Fund - This fund is used to accumulate resources for the purchase of fixed assets. The Village is currently accumulating funds to purchase a backhoe.

Reserve for Capital Fund - This fund is used to accumulate resources for the acquisition, construction, or improvement of fixed assets. The Village is currently accumulating funds to build a new administrative building.

c. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant enterprise fund:

Storm Water Utility Fund - This fund receives charges for services from residents to cover the costs of construction, operation and maintenance of a storm water system.

VILLAGE OF MILLBURY
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually.

- a. **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.
- b. **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.
- c. **Encumbrances**
The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not encumber all commitments required by Ohio law. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 6.

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 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>2009</u>	<u>2008</u>
Demand Deposits	\$ <u>91,053</u>	\$ <u>91,305</u>
Total Deposits	91,053	91,305
Certificates of Deposit	330,643	370,545
STAR Ohio	<u>257,338</u>	<u>256,629</u>
Total Investments	<u>587,981</u>	<u>627,174</u>
Total Deposits and Investments	<u>\$ 679,034</u>	<u>\$ 718,479</u>

VILLAGE OF MILLBURY
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(2) EQUITY IN POOLED CASH AND INVESTMENTS (CONTINUED)

DEPOSITS

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.

INVESTMENTS

Investments in STAR Ohio and certificates of deposit are not evidenced by securities that exist in physical or book-entry form.

(3) 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 payments, 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.

(4) LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5% 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.

(5) RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of the participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

Pension expense amounted to \$10,573 and \$10,597 for 2009 and 2008, respectively.

VILLAGE OF MILLBURY
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(6) BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

2009 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 226,916	\$ 234,095	\$ 7,179
Special Revenue	330,968	303,212	(27,756)
Capital Projects	126,500	87,350	(39,150)
Enterprise	16,000	16,734	734
Total	<u>\$ 700,384</u>	<u>\$ 641,391</u>	<u>\$ (58,993)</u>

2009 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 372,450	\$ 274,195	\$ 98,255
Special Revenue	346,824	292,780	54,044
Capital Projects	103,000	99,260	3,740
Enterprise	15,000	14,601	399
Total	<u>\$ 837,274</u>	<u>\$ 680,836</u>	<u>\$ 156,438</u>

2008 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 221,047	\$ 213,482	\$ (7,565)
Special Revenue	315,474	329,833	14,359
Capital Projects	110,000	112,935	2,935
Enterprise	15,000	12,495	(2,505)
Total	<u>\$ 661,521</u>	<u>\$ 668,745</u>	<u>\$ 7,224</u>

2008 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 357,910	\$ 298,742	\$ 59,168
Special Revenue	359,975	331,287	28,688
Capital Projects	59,500	25,996	33,504
Enterprise	3,000	1,901	1,099
Total	<u>\$ 780,385</u>	<u>\$ 657,926</u>	<u>\$ 122,459</u>

Contrary to Ohio law, appropriations exceeded actual resources available in the Income Tax Fund by \$21,554 in 2009 and \$2,878 in 2008. Appropriations also exceeded actual resources available in the Other Capital Projects Fund by \$2,038 in 2009.

**VILLAGE OF MILLBURY
WOOD COUNTY**
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(7) DEBT

Debt outstanding at December 31, 2009 and 2008 was as follows:

	Beginning Balance <u>01/01/09</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>12/31/09</u>	Amounts Due Within <u>One Year</u>
Ohio Public Works Commission Loan #1	\$ 69,410	\$ 0	\$ 13,883	\$ 55,527	\$ 13,883
Ohio Public Works Commission Loan #2	<u>94,437</u>	<u>0</u>	<u>5,246</u>	<u>89,191</u>	<u>5,246</u>
Total	<u>\$ 163,847</u>	<u>\$ 0</u>	<u>\$ 19,129</u>	<u>\$ 144,718</u>	<u>\$ 19,129</u>

	Beginning Balance <u>01/01/08</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>12/31/08</u>	Amounts Due Within <u>One Year</u>
Ohio Public Works Commission Loan #1	\$ 83,293	\$ 0	\$ 13,883	\$ 69,410	\$ 13,883
Ohio Public Works Commission Loan #2	<u>99,683</u>	<u>0</u>	<u>5,246</u>	<u>94,437</u>	<u>5,246</u>
Total	<u>\$ 182,976</u>	<u>\$ 0</u>	<u>\$ 19,129</u>	<u>\$ 163,847</u>	<u>\$ 19,129</u>

The Ohio Public Works Commission (OPWC) Loan #1 relates to Main Street improvements made by the Village. The OPWC approved a \$138,825, zero percent loan to the Village for this project. The loan will be repaid in semiannual installments of \$6,941, over 10 years, beginning July 1, 2004 and due January 1, 2014. The Loan will be repaid by the General Fund. No assets are pledged to secure this loan.

The Ohio Public Works Commission (OPWC) Loan #2 relates to a Center Street storm sewer project made by the Village. The OPWC approved a \$104,929, zero percent loan to the Village for the project. Principal shall be due and payable in equal consecutive semiannual installments of \$2,623, over 20 years, beginning July 1, 2007 and due January 1, 2027. No assets are pledged to secure this loan.

The principal and interest requirements to retire the debt outstanding at December 31, 2009 are as follows:

<u>Year Ending December 31</u>	<u>Ohio Public Works Commission Loan #1</u>		<u>Ohio Public Works Commission Loan #2</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	13,883	0	5,246	0
2011	13,883	0	5,246	0
2012	13,883	0	5,246	0
2013	13,878	0	5,246	0
2014	0	0	5,246	0
2015-2019	0	0	26,230	0
2020-2024	0	0	26,230	0
2031-2035	<u>0</u>	<u>0</u>	<u>10,501</u>	<u>0</u>
Totals	<u>\$ 55,527</u>	<u>\$ 0</u>	<u>\$ 89,191</u>	<u>\$ 0</u>

VILLAGE OF MILLBURY
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

(8) RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Government participates in this coverage.

Settlement amounts did not exceed insurance coverage for the past three years.

The Plan's audited financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>5,286,781</u>	<u>4,273,553</u>
Members' Equity	<u>\$ 5,184,333</u>	<u>\$ 6,862,902</u>

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

(9) NONCOMPLIANCE

The Village did not properly adhere to the Ohio laws related to requests for proposals as the request was not advertised in a newspaper as required.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Village of Millbury
Wood County
28430 Main Street, P.O. Box 155
Millbury, OH 43447-0155

To the Village Council:

We have audited the accompanying financial statements of the Village of Millbury, Wood County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 17, 2010 wherein we noted that the Village prepared its financial statements using accounting practices the Auditor of State prescribes, rather than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, 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 audit and, accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings and responses as items 2009-001 through 2009-003.

We noted certain noncompliance or other matters that we reported to the Village's management and council in a separate letter dated May 17, 2010.

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

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.

Seublin Sussman Group LLP

May 17, 2010
Toledo, Ohio

**VILLAGE OF MILLBURY
WOOD COUNTY**

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased or decreased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Ohio Revised Code Section 5705.36(A)(4) states that a reduced amended official certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

It was noted that appropriations exceeded actual available resources in the income tax fund in the amount of \$21,554 for 2009 and \$2,878 for 2008. Appropriations exceeded actual available resources in the other capital projects fund by \$2,038 in 2009. We recommend that the Village review the estimated resources and appropriation calculations throughout the year to protect funds from being overspent.

Official's Response: The Village will compare estimated resources to appropriations throughout the year and obtain an amended official certificate of estimated resources if actual revenues are less than anticipated. Appropriations will also be adjusted accordingly to estimated resources available.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Revised Code Section 5705.41 states that fiscal officers may prepare blanket certificates for a sum not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority.

The Village Council adopted a policy that any blanket certificate over \$5,000 must be approved by Council's finance committee. It was noted that blanket certificates over \$5,000 were not being approved.

Official's Response: The Village will obtain the finance committee's approval on all blanket certificates for amounts exceeding the established \$5,000 limit.

**VILLAGE OF MILLBURY
WOOD COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009**

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

FINDING NUMBER 2009-003

Noncompliance Citation

Ohio Revised Code Section 731.14 states that all contracts made by the legislative authority of a village for material and labor which exceed \$25,000 are subject to competitive bidding procedures and must be entered into in writing with the lowest and best bidder after advertisement of the proposal for bids for not less than two nor more than four consecutive weeks in a newspaper of general circulation within the village.

It was noted that no proposal for bids for the Veterans' Park parking lot paving project, the total cost of which exceeded \$25,000, was published in any newspaper.

Official's Response: Proposals for bids for all future contracts requiring competitive bidding procedures will be published in a newspaper of general circulation for the required two week minimum time period.



Mary Taylor, CPA
Auditor of State

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
NOVEMBER 4, 2010**