

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

*Financial Statements  
(Audited)*

For The Years Ended  
December 31, 2010 and 2009

**CHRISTOPHER PAQUETTE, FISCAL OFFICER**





# Dave Yost • Auditor of State

Village Council  
Village of Burton  
14588 West Park Street  
P.O. Box 408  
Burton, Ohio 44021

We have reviewed the *Independent Auditor's Report* of the Village of Burton, Geauga County, prepared by Julian & Grube, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 Burton is responsible for compliance with these laws and regulations.

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Dave Yost  
Auditor of State

June 6, 2011

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**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report**

Village of Burton  
14588 West Park Street  
P.O. Box 408  
Burton, Ohio 44021

To the Members of Council and Mayor:

We have audited the accompanying financial statements of the Village of Burton, Geauga County, Ohio, as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village of Burton's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 audit provides a reasonable basis for our opinion.

As discussed more fully in Note 2, the Village of Burton has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. 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 the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Village of Burton's larger (i.e. major) funds separately. While the Village of Burton 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 the Village of Burton to reformat their statements. The Village of Burton 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.

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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Burton as of December 31, 2010 and 2009, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Burton, Geauga County, Ohio, as of and for the years ended December 31, 2010 and 2009, and its combined cash receipts and cash disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the accounting basis Note 2 describes.

The Village of Burton 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 March 25, 2011, on our consideration of the Village of Burton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
March 25, 2011



**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2010 AND 2009

<u>Cash and Cash Equivalents</u>	2010	2009
Cash and Cash Equivalents	\$ 1,953,354	\$ 1,756,719
Total Cash and Cash Equivalents	\$ 1,953,354	\$ 1,756,719
<u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General	\$ 287,343	\$ 276,804
Special Revenue	350,222	277,423
Capital Projects	139,311	110,520
Total Governmental Fund Types:	776,876	664,747
<u>Proprietary Fund Type:</u>		
Enterprise	1,140,378	1,052,048
Total Proprietary Fund Type:	1,140,378	1,052,048
<u>Fiduciary Fund Type:</u>		
Private Purpose Trust Funds	21,339	21,099
Agency	14,761	18,825
Total Fiduciary Fund Type:	36,100	39,924
Total Cash Fund Balances	\$ 1,953,354	\$ 1,756,719

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash receipts:</b>				
Property & local taxes	\$ 76,967	\$ 157,267	\$ -	\$ 234,234
Municipal income taxes	446,081	-	-	446,081
Intergovernmental	81,140	105,634	6,638	193,412
Special assessments	-	25,576	12,738	38,314
Charges for services	24,031	14,122	-	38,153
Fines, licenses & permits	1,285	1,746	-	3,031
Earnings on investments	4,935	4,027	-	8,962
Miscellaneous	30,647	13,282	-	43,929
<b>Total cash receipts</b>	<b>665,086</b>	<b>321,654</b>	<b>19,376</b>	<b>1,006,116</b>
<b>Cash disbursements:</b>				
Current:				
Security of persons and property	-	337,612	-	337,612
Public health services	-	19,337	-	19,337
Leisure time activities	27,035	-	-	27,035
Community environment	10,274	-	-	10,274
Transportation	-	247,575	-	247,575
General government	205,028	-	-	205,028
Capital outlay	-	-	28,985	28,985
Debt service:				
Principal retirement	-	-	18,480	18,480
<b>Total cash disbursements</b>	<b>242,337</b>	<b>604,524</b>	<b>47,465</b>	<b>894,326</b>
<b>Total cash receipts over/(under) cash disbursements</b>	<b>422,749</b>	<b>(282,870)</b>	<b>(28,089)</b>	<b>111,790</b>
<b>Other financing receipts/(disbursements):</b>				
Proceeds from sale of assets	9,670	-	-	9,670
Operating transfers in	-	360,000	3,380	363,380
Operating transfers out	(363,380)	-	-	(363,380)
Advances in	-	5,000	53,500	58,500
Advances out	(58,500)	-	-	(58,500)
Other uses	-	(9,331)	-	(9,331)
<b>Total other financing receipts/(disbursements)</b>	<b>(412,210)</b>	<b>355,669</b>	<b>56,880</b>	<b>339</b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>10,539</b>	<b>72,799</b>	<b>28,791</b>	<b>112,129</b>
Cash fund balances, January 1, 2010	276,804	277,423	110,520	664,747
<b>Cash fund balances, December 31, 2010</b>	<b>\$ 287,343</b>	<b>\$ 350,222</b>	<b>\$ 139,311</b>	<b>\$ 776,876</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE  
AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Proprietary Fund Type	Fiduciary Fund Type		Total (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
Operating cash receipts:				
Charges for services	\$ 466,983	\$ -	\$ 6,995	\$ 473,978
Total operating cash receipts	<u>466,983</u>	<u>-</u>	<u>6,995</u>	<u>473,978</u>
Operating cash disbursements:				
Personal services	153,870	-	-	153,870
Transportation	606	-	-	606
Contractual services	152,059	-	5,180	157,239
Supplies and materials	17,636	-	-	17,636
Total operating cash disbursements	<u>324,171</u>	<u>-</u>	<u>5,180</u>	<u>329,351</u>
Operating income	<u>142,812</u>	<u>-</u>	<u>1,815</u>	<u>144,627</u>
Nonoperating cash receipts/(disbursements):				
Earnings on investments	14,183	240	-	14,423
Miscellaneous receipts	46,141	-	-	46,141
Other nonoperating disbursements	(10,607)	-	(5,879)	(16,486)
Capital outlay	(50,514)	-	-	(50,514)
Debt service:				
Principal	(43,000)	-	-	(43,000)
Interest	(10,685)	-	-	(10,685)
Total nonoperating cash receipts/(disbursements)	<u>(54,482)</u>	<u>240</u>	<u>(5,879)</u>	<u>(60,121)</u>
Income/(loss) before operating transfers	<u>88,330</u>	<u>240</u>	<u>(4,064)</u>	<u>84,506</u>
Transfers in	53,150	-	-	53,150
Transfers out	(53,150)	-	-	(53,150)
Net cash receipts over/(under) cash disbursements	88,330	240	(4,064)	84,506
Cash fund balances, January 1, 2010	<u>1,052,048</u>	<u>21,099</u>	<u>18,825</u>	<u>1,091,972</u>
Cash fund balances, December 31, 2010	<u>\$ 1,140,378</u>	<u>\$ 21,339</u>	<u>\$ 14,761</u>	<u>\$ 1,176,478</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2010

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2010 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2010 Appropriations	Total	Actual 2010 Disbursements	Encumbrances Outstanding at 12/31/10	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 276,803	\$ 629,947	\$ 906,750	\$ 674,756	\$ 44,809	\$ -	\$ 735,785	\$ 735,785	\$ 664,217	\$ -	\$ 664,217	\$ 71,568
Special Revenue	277,423	667,626	945,049	686,654	19,028	-	681,427	681,427	613,855	-	613,855	67,572
Capital Projects	110,519	76,622	187,141	76,256	(366)	-	85,118	85,118	47,465	-	47,465	37,653
Proprietary:												
Enterprise	1,052,049	606,150	1,658,199	580,457	(25,693)	-	647,387	647,387	492,127	-	492,127	155,260
Fiduciary:												
Private Purpose Trust	21,098	670	21,768	240	(430)	-	-	-	-	-	-	-
Total												
(Memorandum Only)	<u>\$ 1,737,892</u>	<u>\$ 1,981,015</u>	<u>\$ 3,718,907</u>	<u>\$ 2,018,363</u>	<u>\$ 37,348</u>	<u>\$ -</u>	<u>\$ 2,149,717</u>	<u>\$ 2,149,717</u>	<u>\$ 1,817,664</u>	<u>\$ -</u>	<u>\$ 1,817,664</u>	<u>\$ 332,053</u>

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Property & local taxes	\$ 79,979	\$ 161,072	\$ -	\$ 241,051
Municipal income taxes	474,310	-	-	474,310
Intergovernmental	82,982	155,960	84,118	323,060
Special assessments	-	102	13,236	13,338
Charges for services	13,408	6,117	-	19,525
Fines, licenses & permits	1,395	3,066	-	4,461
Earnings on investments	11,055	5,002	-	16,057
Miscellaneous	17,432	11,762	-	29,194
Total cash receipts	<u>680,561</u>	<u>343,081</u>	<u>97,354</u>	<u>1,120,996</u>
Cash disbursements:				
Current:				
Security of persons and property	-	355,795	-	355,795
Public health services	-	32,728	-	32,728
Leisure time activities	20,674	-	-	20,674
Community environment	11,508	-	-	11,508
Transportation	-	356,975	-	356,975
General government	241,648	-	-	241,648
Capital outlay	-	-	283,742	283,742
Debt service:				
Principal retirement	-	-	18,480	18,480
Total cash disbursements	<u>273,830</u>	<u>745,498</u>	<u>302,222</u>	<u>1,321,550</u>
Total cash receipts over/(under) cash disbursements	<u>406,731</u>	<u>(402,417)</u>	<u>(204,868)</u>	<u>(200,554)</u>
Other financing receipts/(disbursements):				
Proceeds from sale of assets	1,255	-	-	1,255
Operating transfers in	-	325,000	3,380	328,380
Operating transfers out	(334,841)	-	-	(334,841)
Advances in	-	5,000	76,500	81,500
Advances out	(81,500)	-	-	(81,500)
Other uses	-	(6,274)	-	(6,274)
Total other financing receipts/(disbursements)	<u>(415,086)</u>	<u>323,726</u>	<u>79,880</u>	<u>(11,480)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(8,355)	(78,691)	(124,988)	(212,034)
Cash fund balances, January 1, 2009	<u>285,159</u>	<u>356,114</u>	<u>235,508</u>	<u>876,781</u>
Cash fund balances, December 31, 2009	<u>\$ 276,804</u>	<u>\$ 277,423</u>	<u>\$ 110,520</u>	<u>\$ 664,747</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE  
AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Proprietary Fund Type	Fiduciary Fund Type		Total (Memorandum Only)
	Enterprise	Private Purpose Trust	Agency	
Operating cash receipts:				
Charges for services	\$ 485,836	\$ -	\$ 44,211	\$ 530,047
Total operating cash receipts	<u>485,836</u>	<u>-</u>	<u>44,211</u>	<u>530,047</u>
Operating cash disbursements:				
Personal services	148,292	-	-	148,292
Transportation	212	-	-	212
Contractual services	152,173	-	-	152,173
Supplies and materials	17,697	-	-	17,697
Total operating cash disbursements	<u>318,374</u>	<u>-</u>	<u>-</u>	<u>318,374</u>
Operating income	<u>167,462</u>	<u>-</u>	<u>44,211</u>	<u>211,673</u>
Nonoperating cash receipts/(disbursements):				
Earnings on investments	29,053	558	-	29,611
Miscellaneous receipts	43,776	-	-	43,776
Other nonoperating disbursements	(22,677)	-	(32,018)	(54,695)
Capital outlay	(93,399)	-	-	(93,399)
Debt service:				
Principal	(37,000)	-	-	(37,000)
Interest	(12,823)	-	-	(12,823)
Total nonoperating cash receipts/(disbursements)	<u>(93,070)</u>	<u>558</u>	<u>(32,018)</u>	<u>(124,530)</u>
Income/(loss) before operating transfers	<u>74,392</u>	<u>558</u>	<u>12,193</u>	<u>87,143</u>
Transfers in	254,211	-	-	254,211
Transfers out	(247,750)	-	-	(247,750)
Total transfers in/(out)	<u>6,461</u>	<u>-</u>	<u>-</u>	<u>6,461</u>
Net cash receipts over/(under) cash disbursements	80,853	558	12,193	93,604
Cash fund balances, January 1, 2009	<u>971,195</u>	<u>20,541</u>	<u>6,632</u>	<u>998,368</u>
Cash fund balances, December 31, 2009	<u>\$ 1,052,048</u>	<u>\$ 21,099</u>	<u>\$ 18,825</u>	<u>\$ 1,091,972</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2009

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2009 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2009 Appropriations	Total	Actual 2009 Disbursements	Encumbrances Outstanding at 12/31/09	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 284,038	\$ 586,415	\$ 870,453	\$ 681,816	\$ 95,401	\$ 1,121	\$ 710,008	\$ 711,129	\$ 690,171	\$ -	\$ 690,171	\$ 20,958
Special Revenue	348,003	680,817	1,028,820	673,081	(7,736)	8,111	806,671	814,782	751,772	-	751,772	63,010
Capital Projects	235,508	192,676	428,184	177,234	(15,442)	-	393,480	393,480	302,222	-	302,222	91,258
Proprietary:												
Enterprise	968,487	811,850	1,780,337	812,876	1,026	2,708	860,046	862,754	732,023	-	732,023	130,731
Fiduciary:												
Private Purpose Trust	20,541	660	21,201	558	(102)	-	-	-	-	-	-	-
Total (Memorandum Only)	<u>\$ 1,856,577</u>	<u>\$ 2,272,418</u>	<u>\$ 4,128,995</u>	<u>\$ 2,345,565</u>	<u>\$ 73,147</u>	<u>\$ 11,940</u>	<u>\$ 2,770,205</u>	<u>\$ 2,782,145</u>	<u>\$ 2,476,188</u>	<u>\$ -</u>	<u>\$ 2,476,188</u>	<u>\$ 305,957</u>

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Village of Burton, Geauga County, Ohio, (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 government services, park operations, police services, and water and sewer utilities.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the Village’s accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

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

Governmental Fund Types:

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.

Special Revenue Funds

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

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



**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Police Department Fund* - This fund is used to account for property taxes and transfers from the General Fund which is used to pay for the police department obligations.

*Fire and Rescue Fund* - This fund is used to account for property taxes which is used to pay for the fire and rescue department obligations (2010).

Capital Projects 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 funds). The Village had the following significant Capital Projects funds:

*Goodwin/Peckham Streets Issue II Fund* - This fund is used to pay for street improvements from special assessments and general fund subsidization.

*Street Capitalization Fund* - This fund is used to pay for street repair projects within the Village.

Proprietary Fund Type:

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant cost of providing certain goods/services will be recovered through user charges. The Village had the following significant Enterprise funds:

*Waterworks Operating Fund* - This fund receives charges for services from residents to cover water service costs.

*Sewer Operating Fund* - This fund receives charges for services from residents to cover sewer service costs.

Fiduciary Fund Type:

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a private purpose trust fund. Other trust funds are classified as expendable.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village has a cemetery private purpose trust fund during the audit period. Also, the Village has an agency fund for building permits.

**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. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the object level. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

There were no outstanding encumbrances at December 31, 2010 and December 31, 2009.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. CASH AND CASH EQUIVALENTS**

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand, demand deposits and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$23,385 and \$45,668 for the years ended December 31, 2010 and 2009, respectively.

**E. PROPERTY, PLANT AND EQUIPMENT**

Capital assets are not capitalized in any of the Village’s funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Village.

**F. 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 basis of accounting used by the Village.

**G. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village’s cash basis method of accounting.

**H. INTERFUND TRANSACTIONS**

During the course of normal operations, the Village had transactions between funds. The most significant include transfers and advances in of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Advances are temporary loans to other funds which will ultimately be repaid.

**I. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 3 - CASH AND CASH EQUIVALENTS**

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 cash equivalents at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Deposits:		
Demand deposits	\$ 767,640	\$ 901,715
Business super savings	<u>1,185,714</u>	<u>855,004</u>
Total Cash and Cash Equivalents	<u>\$1,953,354</u>	<u>\$1,756,719</u>

*Deposits:* Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**NOTE 4 - DEBT OBLIGATIONS**

At December 31, 2010 and 2009, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/10</u>	<u>Balance at 12/31/09</u>
Mortgage Revenue Bonds - Sewer, Rate 7.13%	\$ 90,000	\$ 103,000
Burton Health Care Bonds, Rate 6.15%	60,000	90,000
Ohio Public Works Issue II Loan, Rate 0%	8,250	24,750
Ohio Public Works Issue II Loan, Rate 0%	<u>7,920</u>	<u>9,900</u>
Total debt obligations at, December 31	<u>\$ 166,170</u>	<u>\$ 227,650</u>

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 4 - DEBT OBLIGATIONS - (Continued)**

The Mortgage Revenue Bonds - Sewer related to a sewer construction project in 1976. The bonds were issued in the amount of \$296,000 and will be repaid in annual varying principal installments plus interest over 40 years.

The Burton Health Care Bonds relate to a water main construction project. These special assessment bonds were issued in 1997 in the amount of \$323,000. The bonds will be repaid in annual varying principal installments plus interest over 15 years.

The Ohio Public Works Issue II Loan related to street improvements. This no interest loan was issued in 2001 in the amount of \$165,000 and will be repaid in semi-annual installments of \$8,250 over 10 years.

The Ohio Public Works Issue II Loan related to street improvements. This no interest loan was issued in 2004 in the amount of \$19,800 and will be repaid in semi-annual installments of \$990 over 10 years.

Transactions for the years ended December 31, 2010 and 2009 are summarized as follows:

<u>2010</u>	Balance at 01/01/10	Proceeds	Principal Retirement	Balance at 12/31/10
Mortgage Revenue Bonds - Sewer	\$ 103,000	\$ -	\$ (13,000)	\$ 90,000
Burton Health Care Bonds	90,000	-	(30,000)	60,000
Ohio Public Works Issue II Loan	24,750	-	(16,500)	8,250
Ohio Public Works Issue II Loan	9,900	-	(1,980)	7,920
<b>Total</b>	<b>\$ 227,650</b>	<b>\$ -</b>	<b>\$ (61,480)</b>	<b>\$ 166,170</b>

<u>2009</u>	Balance at 01/01/09 Restated	Proceeds	Principal Retirement	Balance at 12/31/09
Mortgage Revenue Bonds - Sewer	\$ 115,000	\$ -	\$ (12,000)	\$ 103,000
Burton Health Care Bonds	115,000	-	(25,000)	90,000
Ohio Public Works Issue II Loan	41,250	-	(16,500)	24,750
Ohio Public Works Issue II Loan	11,880	-	(1,980)	9,900
<b>Total</b>	<b>\$ 283,130</b>	<b>\$ -</b>	<b>\$ (55,480)</b>	<b>\$ 227,650</b>

The Village is restating its January 1, 2009 outstanding debt balance in the amount of \$8,250. It was previously overstated by one OPWC payment.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 4 - DEBT OBLIGATIONS - (Continued)**

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2010 are as follows:

Year Ending December 31,	Mortgage Revenue Bonds Sewer		Burton Health Care Bonds	
	Principal	Interest	Principal	Interest
	2011	\$ 13,000	\$ 4,500	\$ 30,000
2012	14,000	3,850	30,000	1,845
2013	15,000	3,150	-	-
2014	15,000	2,400	-	-
2015	16,000	1,650	-	-
2016	<u>17,000</u>	<u>850</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 90,000</u>	<u>\$ 16,400</u>	<u>\$ 60,000</u>	<u>\$ 5,535</u>

Year Ending December 31,	Ohio Public Works Issue II Loan		Ohio Public Works Issue II Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2011	\$ 8,250	\$ -	\$ 1,980	\$ -	53,230
2012	-	-	1,980	-	45,980	5,695
2013	-	-	1,980	-	16,980	3,150
2014	-	-	1,980	-	16,980	2,400
2015	-	-	-	-	16,000	1,650
2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,000</u>	<u>850</u>
Total	<u>\$ 8,250</u>	<u>\$ -</u>	<u>\$ 7,920</u>	<u>\$ -</u>	<u>\$ 166,170</u>	<u>\$ 21,935</u>

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 5 - TAXES**

**A. PROPERTY TAXES**

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 on the following June 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**B. LOCAL INCOME TAX**

This locally levied tax of 1.00% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Tax receipts are accounted for in the general fund. The City of Cleveland – Central Collection Agency (CCA) administers and collects income taxes for the Village. The Village collected \$446,081 and \$474,310 in 2010 and 2009, respectively, in income tax receipts.



**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**NOTE 6 - RETIREMENT SYSTEMS**

The Village's full-time law enforcement officers belong to the Ohio Police & Fire Pension Funds (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement 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 2010 and 2009, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages for police officers. OPERS members contributed 10% for 2010 and 2009, of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all required contributions as of December 31, 2010 and 2009.

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**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 7 - INTERFUND TRANSACTIONS**

The Village had the following interfund transfers for the years ended December 31, 2010 and 2009:

<u>2010</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Fund Type/Fund</u>		
General	\$ -	\$ 363,380
 <u>Special Revenue Fund Type:</u>		
Street Construction, Maintenance and Repair	175,000	-
Cemetery	20,000	-
Police Department	165,000	-
Total Special Revenue Funds	<u>360,000</u>	<u>-</u>
 <u>Capital Projects Fund Type:</u>		
Goodwin/Peckham Street Issue II	1,400	-
Carlton Street	1,980	-
Total Capital Projects Funds	<u>3,380</u>	<u>-</u>
 <u>Enterprise Fund Type:</u>		
Waterworks Operating	-	35,000
Sewer Operating	-	18,150
Water Distribution Systems	20,000	-
Water Replacement and Improvement	15,000	-
Sewer Bond and Interest	18,150	-
Total Enterprise Funds	<u>53,150</u>	<u>53,150</u>
Total Transfers	<u>\$ 416,530</u>	<u>\$ 416,530</u>

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 7 - INTERFUND TRANSACTIONS - (Continued)**

<u>2009</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Fund Type/Fund</u>		
General	\$ -	\$ 334,841
<u>Special Revenue Fund Type:</u>		
Street Construction, Maintenance and Repair	160,000	-
Police Department	165,000	-
Total Special Revenue Funds	<u>325,000</u>	<u>-</u>
<u>Capital Projects Fund Type:</u>		
Goodwin/Peckham Street Issue II	1,400	-
Carlton Street	1,980	-
Total Capital Projects Funds	<u>3,380</u>	<u>-</u>
<u>Enterprise Fund Type:</u>		
Waterworks Operating	-	30,000
Sewer Operating	-	217,750
Sewer Tap In	206,461	-
Water Distribution Systems	15,000	-
Water Replacement and Improvement	15,000	-
Sewer Bond and Interest	17,750	-
Total Enterprise Funds	<u>254,211</u>	<u>247,750</u>
Total Transfers	<u>\$ 582,591</u>	<u>\$ 582,591</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Transfers from the General fund to the special revenue funds are for the general operations of those funds. Transfers from the General fund to the capital projects funds are to provide for debt service payments. The transfer from the General Fund to the Sewer Tap In fund represents the remaining balance of the Devol Restitution from 2004. Transfers from the Waterworks Operating fund to the Water Distribution Systems fund and the Water Replacement and Improvement fund and from the Sewer Operating fund to the Sewer Tap In fund are to provide for capital improvements. Transfers from the Sewer fund to the Sewer Bond and Interest fund are to provide for debt service payments.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

**NOTE 7 - INTERFUND TRANSACTIONS - (Continued)**

The Village had the following interfund advances for the years ended December 31, 2010 and 2009:

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
<u>2010</u>		
General	\$ -	\$ 58,500
<u>Special Revenue Fund Type:</u>		
Safety, Support, Services Wages	5,000	-
<u>Capital Projects Fund Type:</u>		
Equipment Capital	15,000	-
Street Capital	32,000	-
Sidewalk Capital	5,000	-
Facilities Capital	1,500	-
Total Capital Projects Funds	<u>53,500</u>	<u>-</u>
Total Advances	<u>\$ 58,500</u>	<u>\$ 58,500</u>
 <u>2009</u>		
General Fund	\$ -	\$ 81,500
<u>Special Revenue Fund Type:</u>		
Safety, Support, Services Wages	5,000	-
<u>Capital Projects Fund Type:</u>		
Equipment Capital	15,000	-
Street Capital	35,000	-
Sidewalk Capital	25,000	-
Facilities Capital	1,500	-
Total Capital Projects Funds	<u>76,500</u>	<u>-</u>
Total Advances	<u>\$ 81,500</u>	<u>\$ 81,500</u>

The advances from the General fund to the Safety, Support, Services Wages fund are to cover potential retirement costs. The advances from the General fund to the capital projects funds are to provide for capital improvements.

**VILLAGE OF BURTON  
GEAUGA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

**NOTE 8 - RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Errors and omission.

The Village also provides health insurance to full-time employees through a private carrier.

**NOTE 9 - CONTINGENT LIABILITIES**

The Village is not currently involved in litigation.



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Accountants' 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 Burton  
14588 West Park Street  
P.O. Box 408  
Burton, Ohio 44021

To the Members of Council and Mayor:

We have audited the financial statements of the Village of Burton, Geauga County, Ohio, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated March 25, 2011, wherein we noted the Village of Burton followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Burton's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village of Burton's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village of Burton's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village of Burton's financial statements will not be prevented, or detected and timely corrected.

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

Members of Council and Mayor  
Village of Burton

Compliance and Other Matters

As part of reasonably assuring whether the Village of Burton's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
March 25, 2011

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# Dave Yost • Auditor of State

VILLAGE OF BURTON

GEAUGA COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 16, 2011