

Village of Millersburg
Holmes County, Ohio

Regular Audit

For the Years Ended December 31, 2000 - 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

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Millersburg Village Council
Village of Millersburg
6 North Washington Street
Millersburg, Ohio 44654

We have reviewed the Independent Auditor's Report of the Village of Millersburg, Holmes County, prepared by Knox & Knox, CPAs, for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

July 9, 2001

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VILLAGE OF MILLERSBURG
HOLMES COUNTY, OHIO

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Report of Independent Accountants

Millersburg Village Council
Village of Millersburg
Holmes County
6 North Washington Street
Millersburg, Ohio 44654

To the Members of Village Council:

We have audited the accompanying financial statements of the Village of Millersburg, Holmes County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 audit provides 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 of the Village of Millersburg, Holmes County, Ohio, as of December 31, 2000 and December 31, 1999, 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 June 25, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Knox & Knox

Orrville, Ohio
June 25, 2001

VILLAGE OF MILLERSBURG
HOLMES COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund	
	General	Special Revenue	Debt Service	Capital Projects	Type Expendable Trust	Total (Memorandum Only)
Cash Receipts:						
Local Taxes	\$961,972	\$ 25,348	\$ -0-	\$ -0-	\$41,013	\$1,028,333
Intergovernmental	167,325	135,869	-0-	82,165	-0-	385,359
Charges for Services	21,680	16,280	-0-	-0-	-0-	37,960
Fines, License and Permits	49,599	8,790	-0-	-0-	-0-	58,389
Miscellaneous	<u>70,841</u>	<u>15,357</u>	<u>6,070</u>	<u>791</u>	<u>-0-</u>	<u>93,059</u>
Total Cash Receipts	1,271,417	201,644	6,070	82,956	41,013	1,603,100
Cash Disbursements:						
Security of Persons and Property	478,469	2,168	-0-	-0-	46,726	527,363
Public Health	14,819	29,665	-0-	-0-	-0-	44,484
Leisure Time Activities	74,572	-0-	-0-	-0-	-0-	74,572
Community Environment	875	-0-	-0-	-0-	-0-	875
Transportation	10,326	223,818	-0-	-0-	-0-	234,144
General Government	213,033	8,513	-0-	-0-	-0-	221,546
Capital Outlay	240,609	24,889	-0-	111,276	-0-	376,774
Debt Service	-0-	-0-	<u>6,320</u>	<u>-0-</u>	<u>-0-</u>	<u>6,320</u>
Total Cash Disbursements	<u>1,032,703</u>	<u>289,053</u>	<u>6,320</u>	<u>111,276</u>	<u>46,726</u>	<u>1,486,078</u>
Total Cash Receipts Over/(Under) Cash Disbursements	238,714	< 87,409 >	< 250 >	< 28,320 >	< 5,713 >	117,022
Other Financing Receipts/Disbursements:						
Transfers-In	-0-	115,264	-0-	66,445	7,000	188,709
Transfers-Out	<188,709 >	-0-	-0-	-0-	-0-	<188,709 >
Other Sources/(Uses)	<u><12,124 ></u>	<u>< 201 ></u>	<u>-0-</u>	<u>27,169</u>	<u>-0-</u>	<u>14,844</u>
Total Other Financing Receipts/ Disbursements:	<u><200,833 ></u>	<u>115,063</u>	<u>-0-</u>	<u>93,614</u>	<u>7,000</u>	<u>14,844</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements						
	37,881	27,654	< 250 >	65,294	1,287	131,866
Fund Cash Balances, January 1,2000	<u>835,980</u>	<u>175,820</u>	<u>5,438</u>	<u>29,625</u>	<u>1,032</u>	<u>1,047,895</u>
Fund Cash Balances, December 31, 2000	<u>\$873,861</u>	<u>\$203,474</u>	<u>\$ 5,188</u>	<u>\$94,919</u>	<u>\$ 2,319</u>	<u>\$1,179,761</u>

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

VILLAGE OF MILLERSBURG
HOLMES COUNTY

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

	Proprietary Fund Type Enterprise	Agency	Fiduciary Fund Type Non-Expendable Trust	Total (Memorandum Only)
Operating Cash Receipts:				
Charges for Services	\$ 525,736	\$ -0-	\$ -0-	\$ 525,736
Miscellaneous	<u>3,708</u>	<u>-0-</u>	<u>-0-</u>	<u>3,708</u>
Total Operating Cash Receipts	529,444	-0-	-0-	529,444
Operating Cash Disbursements:				
Personal Services	210,576	-0-	-0-	210,576
Travel Transportation	457	-0-	-0-	457
Contractual Services	105,891	-0-	-0-	105,891
Supplies and Materials	93,911	-0-	-0-	93,911
Capital Outlay	<u>138,174</u>	<u>-0-</u>	<u>-0-</u>	<u>138,174</u>
Total Operating Cash Disbursements	<u>549,009</u>	<u>-0-</u>	<u>-0-</u>	<u>549,009</u>
Operating Income/(Loss)	< 19,565>	-0-	-0-	< 19,565>
Non-Operating Cash Receipts:				
Other Operating Revenue	<u>21,851</u>	<u>51,083</u>	<u>2,700</u>	<u>75,634</u>
Total Non-Operating Cash Receipts	21,851	51,083	2,700	75,634
Non-Operating Cash Disbursements:				
Other Non-Operating Expenses	<u>800</u>	<u>78,553</u>	<u>-0-</u>	<u>79,353</u>
Total Non-Operating Cash Disbursements	<u>800</u>	<u>78,553</u>	<u>-0-</u>	<u>79,353</u>
Excess of Non-Operating Receipts Over(Under) Non-Operating Disbursements	<u>21,051</u>	<u>< 27,470></u>	<u>2,700</u>	<u>< 3,719></u>
Net Receipts Over/(Under) Disbursements	1,486	< 27,470>	2,700	< 23,284>
Fund Cash Balances, January 1, 2000	<u>536,089</u>	<u>27,470</u>	<u>107,085</u>	<u>670,644</u>
Fund Cash Balances, December 31, 2000	<u>\$ 537,575</u>	<u>\$ -0-</u>	<u>\$ 109,785</u>	<u>\$647,360</u>

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

VILLAGE OF MILLERSBURG
HOLMES COUNTY

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

	Governmental Fund Types				Fiduciary Fund Type	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Cash Receipts:						
Local Taxes	\$956,924	\$ -0-	\$ -0-	\$ -0-	\$41,663	\$ 998,587
Intergovernmental	151,282	138,264	-0-	110,152	-0-	406,470
Charges for Services	25,687	14,120	-0-	-0-	-0-	39,807
Fines, License and Permits	26,106	4,108	-0-	-0-	-0-	30,214
Miscellaneous	<u>48,843</u>	<u>11,153</u>	<u>6,772</u>	<u>-0-</u>	<u>-0-</u>	<u>59,996</u>
Total Cash Receipts	1,208,842	167,645	6,772	110,152	41,663	1,535,074
Cash Disbursements:						
Security of Persons and Property	445,831	5,557	-0-	-0-	42,715	494,103
Public Health	14,497	25,993	-0-	-0-	-0-	40,490
Leisure Time Activities	74,751	-0-	-0-	-0-	-0-	74,751
Community Environment	459	-0-	-0-	-0-	-0-	459
Transportation	16,247	252,395	-0-	-0-	-0-	268,642
General Government	213,372	149	-0-	-0-	-0-	213,521
Capital Outlay	167,473	24,160	-0-	124,007	-0-	315,640
Debt Service	<u>-0-</u>	<u>-0-</u>	<u>6,319</u>	<u>-0-</u>	<u>-0-</u>	<u>6,319</u>
Total Cash Disbursements	<u>932,630</u>	<u>308,254</u>	<u>6,319</u>	<u>124,007</u>	<u>42,715</u>	<u>1,413,925</u>
Total Cash Receipts Over/(Under) Cash Disbursements	276,212	< 140,609>	453	< 13,855>	<1,052>	121,149
Other Financing Receipts/Disbursements:						
Transfers-In	-0-	180,556	-0-	5,900	-0-	186,456
Transfers-Out	<186,456>	-0-	-0-	-0-	-0-	<186,456>
Other Sources/(Uses)	<u><19,716></u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>< 19,716></u>
Total Other Financing Receipts/ Disbursements:	<u><206,172></u>	<u>180,556</u>	<u>-0-</u>	<u>5,900</u>	<u>-0-</u>	<u><19,716></u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements						
	70,040	39,947	453	< 7,955>	<1,052>	101,433
Fund Cash Balances, January 1, 1999	<u>765,940</u>	<u>135,873</u>	<u>4,985</u>	<u>37,580</u>	<u>2,084</u>	<u>946,462</u>
Fund Cash Balances, December 31, 1999	<u>\$835,980</u>	<u>\$175,820</u>	<u>\$ 5,438</u>	<u>\$29,625</u>	<u>\$ 1,032</u>	<u>\$1,047,895</u>

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

VILLAGE OF MILLERSBURG
HOLMES COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH
BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type Enterprise	Agency	Fiduciary Fund Type Non-Expendable Trust	Total (Memorandum Only)
Operating Cash Receipts:				
Charges for Services	\$ 544,860	\$ -0-	\$ -0-	\$ 544,860
Miscellaneous	<u>19,819</u>	<u>-0-</u>	<u>-0-</u>	<u>19,819</u>
Total Operating Cash Receipts	564,679	-0-	-0-	564,679
Operating Cash Disbursements:				
Personal Services	196,957	-0-	-0-	196,957
Travel Transportation	156	-0-	-0-	156
Contractual Services	104,611	-0-	-0-	104,611
Supplies and Materials	79,054	-0-	-0-	79,054
Capital Outlay	<u>159,004</u>	<u>2,465</u>	<u>-0-</u>	<u>161,469</u>
Total Operating Cash Disbursements	<u>539,782</u>	<u>2,465</u>	<u>-0-</u>	<u>542,247</u>
Operating Income/(Loss)	24,897	<2,465>	-0-	22,432
Non-Operating Cash Receipts:				
Other Non-Operating Receipts	<u>807</u>	<u>26,643</u>	<u>2,100</u>	<u>29,550</u>
Total Non-Operating Cash Receipts	807	26,643	2,100	29,550
Non-Operating Cash Disbursements:				
Other Non-Operating Cash Disbursements	<u>711</u>	<u>26,057</u>	<u>-0-</u>	<u>26,768</u>
Total Non-Operating Cash Disbursements	<u>711</u>	<u>26,057</u>	<u>-0-</u>	<u>26,768</u>
Excess of Non-Operating Receipts Over/(Under) Non-Operating Disbursements	<u>96</u>	<u>586</u>	<u>-0-</u>	<u>2,782</u>
Net Receipts Over/(Under) Disbursements	24,993	< 1,879>	2,100	25,214
Fund Cash Balances, January 1, 1999	<u>511,096</u>	<u>29,349</u>	<u>104,985</u>	<u>645,430</u>
Fund Cash Balances, December 31, 1999	<u>\$ 536,089</u>	<u>\$ 27,470</u>	<u>\$ 107,085</u>	<u>\$ 670,644</u>

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

VILLAGE OF MILLERSBURG
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Millersburg, Holmes County, (The Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, maintenance of Village roads and bridges (public works), park operations (leisure time activities), police and fire protection (public safety).

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 and Investments

Certificates of deposit are recorded 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:

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 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 license tax money for constructing, maintaining and repairing Village streets.

Cemetery Fund - This fund receives revenues from charges for services which are expended for the maintenance of the cemetery.

VILLAGE OF MILLERSBURG
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Debt Service Fund

This fund is used to accumulate resources for the payment of note indebtedness.

Enterprise Fund

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Fiduciary Funds (Trust Fund)

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

Police Pension Fund - This Expendable Trust Fund receives tax revenues and interfund transfers to subsidize police pensions.

Fiduciary (Agency Fund)

Financial accountability for the Mayor's Court is that of an agent, acting in a fiduciary capacity for others. The court has no equity or ownership over the monies it controls. By virtue of Ohio law, the monies collected are distributed within a specified period of time to specific recipients. The records are kept on a cash basis.

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

VILLAGE OF MILLERSBURG
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

Encumbrances

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

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

F. Property, Plant, and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. Equity in Pooled Cash and Investments

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

	<u>2000</u>	<u>1999</u>
Dem and Deposits	\$1,017,836	\$927,054
Certificates of Deposit	<u>809,285</u>	<u>791,485</u>
Total Deposits	<u>\$1,827,121</u>	<u>\$1,718,539</u>

Deposits:

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

VILLAGE OF MILLERSBURG
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

3. Budgetary Activity

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

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,095,050	\$1,271,417	\$ 176,367
Special Revenue	329,791	316,908	< 12,883>
Debt Service	6,800	6,070	< 730>
Capital Projects	298,944	176,570	<122,374>
Enterprise	569,400	551,295	< 18,105>
Fiduciary	<u>110,683</u>	<u>101,796</u>	<u>< 8,887></u>
Total	<u>\$2,410,668</u>	<u>\$2,424,056</u>	<u>\$ 13,388</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,374,575	\$1,233,536	\$ 141,039
Special Revenue	428,171	289,254	138,917
Debt Service	6,320	6,320	-0-
Capital Projects	287,575	111,276	176,299
Enterprise	631,264	549,809	81,455
Fiduciary	135,620	125,279	10,341
Total	<u>\$ 2,863,525</u>	<u>\$ 2,315,474</u>	<u>\$ 548,051</u>

VILLAGE OF MILLERSBURG
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

3. Budgetary Activity (Continued)

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 981,850	\$1,208,842	\$226,992
Special Revenue	342,806	348,201	5,395
Debt Service	6,319	6,772	453
Capital Projects	195,547	116,052	<79,495>
Enterprise	579,900	565,486	< 14,414>
Fiduciary	<u>113,157</u>	<u>70,406</u>	<u>< 42,751></u>
Total	<u>\$2,219,579</u>	<u>\$2,315,759</u>	<u>\$ 96,180</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,236,621	\$1,138,802	\$ 97,819
Special Revenue	407,121	308,254	98,867
Debt Service	6,319	6,319	-0-
Capital Projects	126,008	124,007	2,001
Enterprise	680,652	540,493	140,159
Fiduciary	<u>115,631</u>	<u>71,237</u>	<u>44,394</u>
Total	<u>\$ 2,572,352</u>	<u>\$2,189,112</u>	<u>\$ 383,240</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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

VILLAGE OF MILLERSBURG
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

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

5. Debt

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$ 16,500	-0-%
Ohio Public Works Commission Loan	\$ 46,465	-0-%
Sewer Jet Loan	\$125,000	5.25%

The Village borrowed funds from the Ohio Public Works Commission for improvements to Clay and Monroe Streets, and Briar Lane. The loans are being repaid in annual installments of \$3,000 and \$3,319, respectively.

The sewer jet loan was obtained from a commercial bank to purchase a jet rodder. The loan will be repaid in five annual installments of \$29,105, beginning with the first payment of principal and interest on January 5, 2002. The jet rodder was pledged as security.

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

<u>Year ending December 31:</u>	<u>OPWC Loan</u>	<u>OPWC Loan</u>	<u>Sewer Jet Loan</u>
2001	\$ 3,000	\$ 3,319	\$ -0-
2002	3,000	3,319	29,105
2003	3,000	3,319	29,105
2004	3,000	3,319	29,105
2005	3,000	3,319	29,105
Subsequent	<u>1,500</u>	<u>29,870</u>	<u>29,105</u>
Total	<u>\$ 16,500</u>	<u>\$ 46,465</u>	<u>\$ 145,525</u>

VILLAGE OF MILLERSBURG
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

6. Retirement Systems

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including 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 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. 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, 2000.

7. Risk Management

The Village maintains insurance coverage with private carriers for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles

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

8. Contingent Liabilities

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Millersburg Village Council
Village of Millersburg
Holmes County
6 North Washington Street
Millersburg, Ohio 44654

To the Members of Village Council:

We have audited the financial statements of the Village of Millersburg, Holmes County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 25, 2001. We conducted our audit 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 would 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 tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 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 we have reported to management of the Village, in a separate letter dated June 25, 2001.

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

KNOX & KNOX

Orrville, Ohio
June 25, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF MILLERSBURG

HOLMES 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
JULY 26, 2001**