

**Village of Millersburg**  
Holmes County, Ohio

**Regular Audit**

For the Years Ended December 31, 2001 - 2002





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Millersburg  
6 N. Washington Street  
Millersburg, Ohio 44654

We have reviewed the Independent Auditor's Report of the Village of Millersburg, Holmes County, prepared by Knox & Knox, CPA's, for the audit period January 1, 2001 to December 31, 2002. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 18, 2003

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VILLAGE OF MILLERSBURG  
HOLMES COUNTY, OHIO

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# KNOX & KNOX

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Accountants and Consultants

## 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, 2002, and December 31, 2001. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 2002 and December 31, 2001, 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 26, 2003 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 26, 2003

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, 2002

	Governmental Fund Types				Fiduciary Fund	
	General	Special Revenue	Debt Service	Capital Projects	Type Expendable Trust	Total (Memorandum Only)
Cash Receipts:						
Local Taxes	\$1,079,384	\$ 26,549	\$ -0-	\$ -0-	\$47,648	\$1,153,581
Intergovernmental	139,876	136,002	-0-	610,924	-0-	886,802
Charges for Services	24,333	19,100	-0-	-0-	-0-	43,433
Fines, License and Permits	38,717	4,085	-0-	-0-	-0-	42,802
Miscellaneous	<u>44,612</u>	<u>8,476</u>	<u>6,433</u>	<u>543</u>	<u>-0-</u>	<u>60,064</u>
Total Cash Receipts	1,326,922	194,212	6,433	611,467	47,648	2,186,682
Cash Disbursements:						
Security of Persons and Property	564,058	6,419	-0-	-0-	49,808	620,285
Public Health	14,819	45,687	-0-	-0-	-0-	60,506
Leisure Time Activities	88,582	-0-	-0-	-0-	-0-	88,582
Community Environment	1,893	-0-	-0-	-0-	-0-	1,893
Transportation	14,036	379,531	-0-	-0-	-0-	393,567
General Government	274,425	36,145	-0-	-0-	-0-	310,570
Capital Outlay	213,573	-0-	-0-	678,269	-0-	891,842
Debt Service	<u>29,105</u>	<u>-0-</u>	<u>6,319</u>	<u>-0-</u>	<u>-0-</u>	<u>35,424</u>
Total Cash Disbursements	<u>1,200,491</u>	<u>467,782</u>	<u>6,319</u>	<u>678,269</u>	<u>49,808</u>	<u>2,402,669</u>
Total Cash Receipts Over/(Under) Cash Disbursements	126,431	<273,570>	114	< 66,802>	<2,160>	< 215,987>
Other Financing Receipts/Disbursements:						
Transfers-In	-0-	165,000	-0-	98,000	-0-	263,000
Transfers-Out	<263,000>	-0-	-0-	-0-	-0-	<263,000>
Other Sources/(Uses)	<u>&lt;25,862&gt;</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>&lt; 25,862&gt;</u>
Total Other Financing Receipts/ Disbursements:	<u>&lt;288,862&gt;</u>	<u>165,000</u>	<u>-0-</u>	<u>98,000</u>	<u>-0-</u>	<u>&lt; 25,862&gt;</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements						
	<162,431>	<108,570>	114	31,198	< 2,160>	< 241,849>
Fund Cash Balances, January 1,2002	<u>950,921</u>	<u>227,445</u>	<u>5,518</u>	<u>58,419</u>	<u>6,997</u>	<u>1,249,300</u>
Fund Cash Balances, December 31, 2002	<u>\$788,490</u>	<u>\$118,875</u>	<u>\$ 5,632</u>	<u>\$89,617</u>	<u>\$ 4,837</u>	<u>\$1,007,451</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, 2002

	Proprietary Fund Type Enterprise	Agency	Fiduciary Fund Type Non-Expendable Trust	Total (Memorandum Only)
Operating Cash Receipts:				
Charges for Services	\$ 745,589	\$ -0-	\$ -0-	\$ 745,589
Miscellaneous	<u>26,481</u>	<u>-0-</u>	<u>-0-</u>	<u>26,481</u>
Total Operating Cash Receipts	772,070	-0-	-0-	772,070
Operating Cash Disbursements:				
Personal Services	220,654	-0-	-0-	220,654
Travel Transportation	266	-0-	-0-	266
Contractual Services	108,980	-0-	-0-	108,980
Supplies and Materials	72,479	-0-	-0-	72,479
Capital Outlay	<u>118,132</u>	<u>-0-</u>	<u>183</u>	<u>118,315</u>
Total Operating Cash Disbursements	<u>520,511</u>	<u>-0-</u>	<u>183</u>	<u>520,694</u>
Operating Income/(Loss)	251,559	-0-	<183>	251,376
Non-Operating Cash Receipts:				
Other Operating Revenue	<u>9,294</u>	<u>31,831</u>	<u>1,950</u>	<u>43,075</u>
Total Non-Operating Cash Receipts	9,294	31,831	1,950	43,075
Non-Operating Cash Disbursements:				
Other Non-Operating Expenses	<u>41</u>	<u>31,831</u>	<u>-0-</u>	<u>31,872</u>
Total Non-Operating Cash Disbursements	<u>41</u>	<u>31,831</u>	<u>-0-</u>	<u>31,872</u>
Excess of Non-Operating Receipts Over(Under) Non-Operating Disbursements	<u>9,253</u>	<u>-0-</u>	<u>1,950</u>	<u>11,203</u>
Net Receipts Over/(Under) Disbursements	260,812	-0-	1,767	262,579
Fund Cash Balances, January 1, 2002	<u>517,044</u>	<u>-0-</u>	<u>111,635</u>	<u>628,679</u>
Fund Cash Balances, December 31, 2002	<u>\$ 777,856</u>	<u>\$ -0-</u>	<u>\$ 113,402</u>	<u>\$891,258</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, 2001

	Governmental Fund Types				Fiduciary Fund	Total
	General	Special Revenue	Debt Service	Capital Projects	Type Expendable Trust	(Memorandum Only)
Cash Receipts:						
Local Taxes	\$1,019,913	\$ 27,320	\$ -0-	\$ -0-	\$45,824	\$1,093,057
Intergovernmental	169,574	139,842	-0-	198,715	-0-	508,131
Charges for Services	21,330	16,696	-0-	-0-	-0-	38,026
Fines, License and Permits	61,974	6,500	-0-	-0-	-0-	68,474
Miscellaneous	<u>76,108</u>	<u>20,798</u>	<u>6,648</u>	<u>1,005</u>	<u>-0-</u>	<u>104,559</u>
<b>Total Cash Receipts</b>	<b>1,348,899</b>	<b>211,156</b>	<b>6,648</b>	<b>199,720</b>	<b>45,824</b>	<b>1,812,247</b>
Cash Disbursements:						
Security of Persons and Property	503,150	475	-0-	-0-	48,146	551,771
Public Health	14,819	29,997	-0-	-0-	-0-	44,816
Leisure Time Activities	83,880	-0-	-0-	-0-	-0-	83,880
Community Environment	909	-0-	-0-	-0-	-0-	909
Transportation	19,943	259,166	-0-	-0-	-0-	279,109
General Government	276,284	21,725	-0-	-0-	-0-	298,009
Capital Outlay	301,188	40,820	-0-	231,592	-0-	573,600
Debt Service	<u>-0-</u>	<u>-0-</u>	<u>6,318</u>	<u>-0-</u>	<u>-0-</u>	<u>6,318</u>
<b>Total Cash Disbursements</b>	<b><u>1,200,173</u></b>	<b><u>352,183</u></b>	<b><u>6,318</u></b>	<b><u>231,592</u></b>	<b><u>48,146</u></b>	<b><u>1,838,412</u></b>
<b>Total Cash Receipts Over/(Under)</b>						
Cash Disbursements	148,726	< 141,027 >	330	< 31,872 >	< 2,322 >	< 26,165 >
Other Financing Receipts/Disbursements:						
Sale of Note	125,000	-0-	-0-	-0-	-0-	125,000
Transfers-In	-0-	166,720	-0-	10,857	7,000	184,577
Transfers-Out	< 184,577 >	-0-	-0-	-0-	-0-	< 184,577 >
Other Sources/(Uses)	<u>&lt; 12,089 &gt;</u>	<u>&lt; 1,722 &gt;</u>	<u>-0-</u>	<u>&lt; 15,485 &gt;</u>	<u>-0-</u>	<u>&lt; 29,296 &gt;</u>
<b>Total Other Financing Receipts/ Disbursements:</b>	<b><u>&lt; 71,666 &gt;</u></b>	<b><u>164,998</u></b>	<b><u>-0-</u></b>	<b><u>&lt; 4,628 &gt;</u></b>	<b><u>7,000</u></b>	<b><u>95,704</u></b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under)						
Cash Disbursements and Other Financing Disbursements	77,060	23,971	330	< 36,500 >	4,678	69,539
<b>Fund Cash Balances, January 1, 2001</b>	<b><u>873,861</u></b>	<b><u>203,474</u></b>	<b><u>5,188</u></b>	<b><u>94,919</u></b>	<b><u>2,319</u></b>	<b><u>1,179,761</u></b>
<b>Fund Cash Balances, December 31, 2001</b>	<b><u>\$950,921</u></b>	<b><u>\$227,445</u></b>	<b><u>\$ 5,518</u></b>	<b><u>\$58,419</u></b>	<b><u>\$ 6,997</u></b>	<b><u>\$1,249,300</u></b>

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, 2001

	Proprietary Fund Type Enterprise	Agency	Fiduciary Fund Type Non-Expendable Trust	Total (Memorandum Only)
Operating Cash Receipts:				
Charges for Services	\$ 623,902	\$ -0-	\$ -0-	\$ 623,902
Miscellaneous	<u>22,962</u>	<u>-0-</u>	<u>-0-</u>	<u>22,962</u>
Total Operating Cash Receipts	646,864	-0-	-0-	646,864
 Operating Cash Disbursements:				
Personal Services	216,167	-0-	-0-	216,167
Travel Transportation	289	-0-	-0-	289
Contractual Services	154,373	-0-	-0-	154,373
Supplies and Materials	101,964	-0-	-0-	101,964
Capital Outlay	<u>209,448</u>	<u>-0-</u>	<u>-0-</u>	<u>209,448</u>
Total Operating Cash Disbursements	<u>682,241</u>	<u>-0-</u>	<u>-0-</u>	<u>682,241</u>
Operating Income/(Loss)	< 35,377 >	-0-	-0-	< 35,377 >
 Non-Operating Cash Receipts:				
Other Non-Operating Receipts	<u>14,945</u>	<u>48,678</u>	<u>1,850</u>	<u>65,473</u>
Total Non-Operating Cash Receipts	14,945	48,678	1,850	65,473
 Non-Operating Cash Disbursements:				
Other Non-Operating Cash Disbursements	<u>99</u>	<u>48,678</u>	<u>-0-</u>	<u>48,777</u>
Total Non-Operating Cash Disbursements	<u>99</u>	<u>48,678</u>	<u>-0-</u>	<u>48,777</u>
 Excess of Non-Operating Receipts Over(Under) Non-Operating Disbursements	<u>14,846</u>	<u>-0-</u>	<u>1,850</u>	<u>16,696</u>
Net Receipts Over/(Under) Disbursements	< 20,531 >	-0-	1,850	< 18,681 >
 Fund Cash Balances, January 1, 2001	<u>537,575</u>	<u>-0-</u>	<u>109,785</u>	<u>647,360</u>
 Fund Cash Balances, December 31, 2001	<u>\$ 517,044</u>	<u>\$ -0-</u>	<u>\$ 111,635</u>	<u>\$ 628,679</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, 2002 AND 2001

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.

Capital Projects Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of

VILLAGE OF MILLERSBURG  
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

major capital projects (except those financed through enterprise or trust funds. The Village had the following significant Capital Projects Fund:

Court Street Improvement - This fund accounts for receipts used for the improvement of Court Street.

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, 2002 AND 2001

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 2002 and 2001 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>2002</u>	<u>2001</u>
Dem and Deposits	\$ 938,709	\$1,127,979
Certificates of Deposit	<u>960,000</u>	<u>750,000</u>
Total Deposits	<u>\$1,898,709</u>	<u>\$ 1,877,979</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, 2002 AND 2001

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,206,879	\$1,326,922	\$ 120,043
Special Revenue	324,600	359,212	34,612
Debt Service	5,875	6,433	558
Capital Projects	1,308,512	709,467	<599,045>
Enterprise	689,300	781,364	92,064
Fiduciary	<u>101,131</u>	<u>81,429</u>	<u>&lt; 19,702&gt;</u>
Total	<u>\$3,636,297</u>	<u>\$3,264,827</u>	<u>&lt;\$371,470&gt;</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,722,613	\$1,489,353	\$ 233,260
Special Revenue	499,027	467,782	31,245
Debt Service	6,319	6,319	-0-
Capital Projects	1,292,219	678,269	613,950
Enterprise	709,571	520,552	189,019
Fiduciary	86,899	81,822	5,077
Total	<u>\$ 4,316,648</u>	<u>\$ 3,244,097</u>	<u>\$ 1,072,551</u>

VILLAGE OF MILLERSBURG  
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001

3. Budgetary Activity (Continued)

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,350,800	\$1,473,899	\$123,099
Special Revenue	348,755	377,876	29,121
Debt Service	5,875	6,648	773
Capital Projects	383,761	210,577	<173,184>
Enterprise	625,400	661,809	36,409
Fiduciary	<u>102,978</u>	<u>103,352</u>	<u>374</u>
Total	<u>\$2,817,569</u>	<u>\$2,834,161</u>	<u>\$ 16,592</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,723,337	\$1,396,839	\$ 326,498
Special Revenue	488,640	353,905	134,735
Debt Service	6,318	6,318	-0-
Capital Projects	417,295	247,077	170,218
Enterprise	794,476	682,340	112,136
Fiduciary	<u>103,745</u>	<u>96,824</u>	<u>6,921</u>
Total	<u>\$ 3,533,811</u>	<u>\$2,783,303</u>	<u>\$ 750,508</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, 2002 AND 2001

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

5. Local Income Tax

The Village levies a municipal income tax of one percent 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.

By Village ordinance, income tax revenues are to be used for general municipal operations, maintenance, new equipment, extension and enlargement of municipal services and facilities and capital improvements.

6. Debt

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$ 10,500	-0-%
Ohio Public Works Commission Loan	\$ 39,827	-0-%
Sewer Jet Loan	\$116,420	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 instalments 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</u> <u>December 31:</u>	<u>OPWC</u> <u>Loan</u>	<u>OPWC</u> <u>Loan</u>	<u>Sewer Jet</u> <u>Loan</u>
2003	\$ 3,000	\$ 3,319	\$29,105
2004	3,000	3,319	29,105
2005	3,000	3,319	29,105
2006	1,500	3,319	29,105
2007	-0-	3,319	-0-
Subsequent	<u>-0-</u>	<u>23,232</u>	<u>-0-</u>
Total	<u>\$ 10,500</u>	<u>\$ 39,827</u>	<u>\$ 116,420</u>

VILLAGE OF MILLERSBURG  
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001

7. 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 2002 and 2001, 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, 2002.

8. 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.

9. 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.

**INDEPENDENT ACCOUNTANTS' 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, 2002 and December 31, 2001, and have issued our report thereon dated June 26, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which 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 26, 2003.

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 26, 2003





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**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  
AUGUST 7, 2003**