

VILLAGE OF MILLBURY

WOOD COUNTY

**JANUARY 1, 2010 TO DECEMBER 31, 2011
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Village Council
Village of Millbury
28430 Main Street
P.O. Box 155
Millbury, Ohio 43447-0155

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Village of Millbury, Wood County, prepared by LublinSussman Group LLP, for the period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 11, 2012

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Millbury
28430 Main Street
Millbury, Ohio 43447

We have performed the procedures enumerated below, with which the Village Council and Mayor and the management of the Village of Millbury and the Auditor of State have agreed solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2011 and 2010, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and/or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2009 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2011 and 2010 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.

Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 bank reconciliations:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates written to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2011 and December 31, 2010 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one Statement of Semiannual Apportionment of Taxes (the Statement) for 2011 and one from 2010:
 - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2011 and 2010. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and five from 2010. We also selected five receipts from the County Auditor's Detail Expense Transactions Report from 2011 and five from 2010.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2011 and five from 2010.
 - a. We compared the payment recorded on the tax return to the amount recorded in the income tax cash receipts book. The amounts agreed on all but one in 2010. There was not a tax return in the taxpayer's file to compare the amount to.
 - b. We compared the income tax cash receipts books total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2011 and five from 2010.
 - a. We compared the refund paid from the Payment Register Detail Report to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds was approved by Becky Binkley, Millbury Tax Commissioner.
 - c. We noted the refunds were paid from the municipal income tax funds, as is required.

Debt

1. From the prior audit, we noted the following loans outstanding as of December 31, 2009. These amounts agreed to the Villages' January 1, 2010 balances on the summary we used in step 3.

Issue	Principal Outstanding as of December 31, 2009
1 st OPWC Loan – Main Street Improvements	\$55,527
2 nd OPWC Loan – Center Street Storm Sewer	\$89,191

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of note debt activity for 2011 and 2010 and agreed principal and interest payments from the related debt amortization schedules to general fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2011 and one payroll check for five employees from 2010 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Detail Adjustment Report to supporting documentation (timecards, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees’ duties as documented in the employees’ personnel files or information recorded in the minutes. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We tested the checks we selected in step 1, as follows:
 - a. Name
 - b. Authorized Salary or pay rate
 - c. Departments and funds to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State, & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. through f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2011 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer’s share where applicable, during the final withholding period during 2011. We noted the following:

2011

Withholding	Due Date	Date Paid	Amount Withheld	Amount Paid
Federal Income Taxes and Medicare	1/31/2012	1/3/2012	\$1,602.17	\$1,602.17
State Income Taxes	1/15/2012	12/31/2011	\$357.79	\$357.79
Village of Millbury Income Taxes	3/31/2012	12/31/2011	\$374.80	\$374.80
OPERS Retirement (WH's + Employer Share)	1/31/2012	12/31/2011	\$2,464.20	\$2,464.20

4. There were no terminations in 2011 or 2010.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2011 and ten from the year ended December 31, 2010 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Maintenance and Repair, and Income Tax funds for the years ended December 31, 2011 and 2010. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the following funds:

2011

Fund	Amount per Certificate	Amount per Revenue Status Report	Variance
General	\$207,121	\$189,657	\$17,464
Street M&R	53,470	50,000	3,470

2010

Fund	Amount per Certificate	Amount per Revenue Status Report	Variance
General	\$202,432	\$202,246	\$186
Income Tax	224,000	220,000	4,000

Compliance – Budgetary (Continued)

The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.

2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for all the funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2011 and 2010 for the General, Income Tax, and Capital Projects funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report except for the following funds:

2011

Fund	Amount per Appropriation Resolution	Amount per Appropriation Status Report	Variance
Income Tax	\$200,000	\$210,000	\$10,000
Capital Projects	48,000	49,000	1,000

2010

Fund	Amount per Appropriation Resolution	Amount per Appropriation Status Report	Variance
Income Tax	\$219,400	\$223,400	\$4,000
Capital Projects	76,000	78,200	2,200

4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for all of the Village’s funds for the years ended December 31, 2011 and 2010. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2011 and 2010 for all of the Village’s funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.

Compliance – Budgetary (Continued)

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2011 and 2010. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2011 and 2010 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 for which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2011 and 2010 for material or labor procurements which exceeded \$25,000 (\$50,000 effective September 2011), and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified Case Street Storm Sewer Improvements that exceeded \$25,000, subject to Ohio Rev. Code Section 731.14. For this project, we noted that Council advertised the project in a local newspaper and selected the lowest responsible bidder.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2011 and 2010 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

Officials' Response: The Village is aware of these issues and will take appropriate corrective action.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance, the Auditor of State, and others within the Village and is not intended to be, and should not be used by anyone other than these specified parties.

Seublin Sussman Group LLP

September 5, 2012
Toledo, OH



Dave Yost • Auditor of State

VILLAGE OF MILLBURY

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 20, 2012