



**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2011-2010



Dave Yost • Auditor of State

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

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Dave Yost • Auditor of State

Village of Millersport
Fairfield County
2245 Refugee Street
Millersport, Ohio 43046

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Dave Yost
Auditor of State

July 18, 2012

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Millersport
Fairfield County
2245 Refugee Street
Millersport, Ohio 43046

To the Village Council:

We have audited the accompanying financial statements of Village of Millersport, Fairfield County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010. 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 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village 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 require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Village to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011, 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 and the reserves for encumbrances of Village of Millersport, Fairfield County, Ohio, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of Millersport, Fairfield County, Ohio adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2012, 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 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.



Dave Yost
Auditor of State

July 18, 2012

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 89,350	\$ 128,504	\$ -	\$ 217,854
Intergovernmental	30,896	64,963	61,979	157,838
Charges for Services	38,234	623,831	-	662,065
Fines, Licenses and Permits	38,353	-	-	38,353
Earnings on Investments	1,665	90	-	1,755
Miscellaneous	35,598	1,620	50	37,268
<i>Total Cash Receipts</i>	<u>234,096</u>	<u>819,008</u>	<u>62,029</u>	<u>1,115,133</u>
Cash Disbursements				
Current:				
Security of Persons and Property	90,068	653,845	-	743,913
Public Health Services	4,652	-	-	4,652
Leisure Time Activities	44,367	-	-	44,367
Transportation	-	100,811	-	100,811
General Government	85,992	395	-	86,387
Capital Outlay	276,000	81,900	62,316	420,216
Debt Service:				
Principal Retirement	-	73,592	-	73,592
Interest and Fiscal Charges	-	7,182	-	7,182
<i>Total Cash Disbursements</i>	<u>501,079</u>	<u>917,725</u>	<u>62,316</u>	<u>1,481,120</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(266,983)</u>	<u>(98,717)</u>	<u>(287)</u>	<u>(365,987)</u>
Other Financing Receipts				
Sale of Notes	262,500	65,520	-	328,020
Transfers In	-	13,061	-	13,061
Transfers Out	-	-	(13,061)	(13,061)
Other Financing Sources	273	-	-	273
<i>Total Other Financing Receipts</i>	<u>262,773</u>	<u>78,581</u>	<u>(13,061)</u>	<u>328,293</u>
<i>Net Change in Fund Cash Balances</i>	(4,210)	(20,136)	(13,348)	(37,694)
<i>Fund Cash Balances, January 1</i>	<u>79,288</u>	<u>304,582</u>	<u>13,607</u>	<u>397,477</u>
Fund Cash Balances, December 31				
Restricted	-	283,353	-	283,353
Committed	-	1,093	257	1,350
Unassigned (Deficit)	75,078	-	-	75,078
<i>Fund Cash Balances, December 31</i>	<u>\$ 75,078</u>	<u>\$ 284,446</u>	<u>\$ 257</u>	<u>\$ 359,781</u>

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

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 950,726	\$ -	\$ 950,726
<i>Total Operating Cash Receipts</i>	<u>950,726</u>	<u>-</u>	<u>950,726</u>
Operating Cash Disbursements			
Personal Services	233,370	-	233,370
Employee Fringe Benefits	60,954	-	60,954
Contractual Services	127,976	-	127,976
Supplies and Materials	104,128	-	104,128
<i>Total Operating Cash Disbursements</i>	<u>526,428</u>	<u>-</u>	<u>526,428</u>
<i>Operating Income</i>	<u>424,298</u>	<u>-</u>	<u>424,298</u>
Non-Operating Receipts (Disbursements)			
Proceeds of Notes	138,880	-	138,880
Other Debt Proceeds	125,166	-	125,166
Miscellaneous Receipts	2,910	-	2,910
Capital Outlay	(308,345)	-	(308,345)
Principal Retirement	(264,675)	-	(264,675)
Interest and Other Fiscal Charges	(124,754)	-	(124,754)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(430,818)</u>	<u>-</u>	<u>(430,818)</u>
<i>Income (Loss) before Transfers</i>	(6,520)	-	(6,520)
Transfers In	721,212	-	721,212
Transfers Out	(721,212)	-	(721,212)
<i>Net Change in Fund Cash Balances</i>	(6,520)	-	(6,520)
<i>Fund Cash Balances, January 1</i>	<u>383,994</u>	<u>1,270</u>	<u>385,264</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 377,474</u>	<u>\$ 1,270</u>	<u>\$ 378,744</u>

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

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Property and Local Taxes	\$ 96,520	\$ 99,305	\$ -	\$ 195,825
Intergovernmental	29,972	62,142	20,371	112,485
Charges for Services	37,221	596,046	-	633,267
Fines, Licenses and Permits	56,699	-	-	56,699
Earnings on Investments	4,363	59	-	4,422
Miscellaneous	28,220	6,064	2,699	36,983
	<u>252,995</u>	<u>763,616</u>	<u>23,070</u>	<u>1,039,681</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	73,694	653,058	-	726,752
Public Health Services	4,627	-	-	4,627
Leisure Time Activities	50,059	456	-	50,515
Transportation	-	86,885	51,754	138,639
General Government	66,454	-	-	66,454
Debt Service:				
Redemption of Principal	3,401	73,848	-	77,249
Interest and Fiscal Charges	111	13,550	-	13,661
Capital Outlay	20,300	7,758	21,149	49,207
	<u>218,646</u>	<u>835,555</u>	<u>72,903</u>	<u>1,127,104</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>34,349</u>	<u>(71,939)</u>	<u>(49,833)</u>	<u>(87,423)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In	35,032	15,141	63,142	113,315
Transfers-Out	(15,141)	(98,174)	-	(113,315)
	<u>19,891</u>	<u>(83,033)</u>	<u>63,142</u>	<u>-</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	54,240	(154,972)	13,309	(87,423)
Fund Cash Balances, January 1	25,048	459,554	299	484,901
	<u>25,048</u>	<u>459,554</u>	<u>299</u>	<u>484,901</u>
Fund Cash Balances, December 31	<u>\$ 79,288</u>	<u>\$ 304,582</u>	<u>\$ 13,608</u>	<u>\$ 397,478</u>
Reserve for Encumbrances, December 31	<u>\$ 1,317</u>	<u>\$ 2,594</u>	<u>\$ -</u>	<u>\$ 3,911</u>

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

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 765,195	\$ -	\$ 765,195
Total Operating Cash Receipts	<u>765,195</u>	<u>-</u>	<u>765,195</u>
Operating Cash Disbursements:			
Personal Services	254,042	-	254,042
Employee Fringe Benefits	68,957	-	68,957
Contractual Services	200,055	-	200,055
Supplies and Materials	120,982	-	120,982
Total Operating Cash Disbursements	<u>644,036</u>	<u>-</u>	<u>644,036</u>
Operating Income	<u>121,159</u>	<u>-</u>	<u>121,159</u>
Non-Operating Cash Receipts:			
Intergovernmental	22,631	-	22,631
Other Debt Proceeds	648,018	-	648,018
Miscellaneous Receipts	44,747	-	44,747
Total Non-Operating Cash Receipts	<u>715,396</u>	<u>-</u>	<u>715,396</u>
Non-Operating Cash Disbursements:			
Capital Outlay	575,774	-	575,774
Redemption of Principal	276,227	-	276,227
Interest and Other Fiscal Charges	125,464	-	125,464
Total Non-Operating Cash Disbursements	<u>977,465</u>	<u>-</u>	<u>977,465</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(140,910)	-	(140,910)
Transfers-In	575,774	-	575,774
Transfers-Out	<u>(575,774)</u>	<u>-</u>	<u>(575,774)</u>
Net Receipts Over/(Under) Disbursements	(140,910)	-	(140,910)
Fund Cash Balances, January 1	<u>524,904</u>	<u>1,270</u>	<u>526,174</u>
Fund Cash Balances, December 31	<u>\$ 383,994</u>	<u>\$ 1,270</u>	<u>\$ 385,264</u>
Reserve for Encumbrances, December 31	<u>\$ 3,565</u>	<u>\$ -</u>	<u>\$ 3,565</u>

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

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Millersport, Fairfield County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, police services, and fire protection and EMS services. The Village provides fire protection services to Walnut Township. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificate of deposits at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Fund – This fund is used to account for monies received from Walnut Township for fire services

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Veterans Memorial Fund – This fund was established to collect revenue for the purchase of name engraved bricks for the floor of the Veterans Memorial.

4. Enterprise Funds

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

Water 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.

Water System Expansion Fund - This fund accounts for debt proceeds and expenditures for water system expansion project

Water Plant Construction Fund – This fund accounts for debt proceeds and expenditures for the water plant construction project.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Unclaimed Monies.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds be budgeted annually.

1. 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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end. Contrary to Ohio Rev. Code, the Village did not always properly encumber all expenditures.

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand deposits	\$248,346	\$245,069
Certificates of deposit	130,101	177,797
Total deposits	378,447	422,866
STAR Ohio	360,078	359,876
Total deposits and investments	\$738,525	\$782,742

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by;

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 as follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$463,787	\$496,868	\$33,081
Special Revenue	923,450	897,589	(25,861)
Capital Projects	62,979	62,029	(950)
Enterprise	2,004,029	1,938,894	(65,135)
Total	\$3,454,245	\$3,395,380	(\$58,865)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$501,050	\$501,079	(\$29)
Special Revenue	928,043	917,725	10,318
Capital Projects	75,740	75,378	362
Enterprise	2,019,761	1,945,413	74,348
Total	\$3,524,594	\$3,439,595	\$84,999

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$287,415	\$288,027	\$612
Special Revenue	776,214	778,757	2,543
Capital Projects	86,295	86,212	(83)
Enterprise	1,705,169	2,056,365	351,196
Total	\$2,855,093	\$3,209,361	\$354,268

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$240,293	\$235,104	\$5,189
Special Revenue	946,984	936,323	10,661
Capital Projects	72,925	72,903	22
Enterprise	2,314,506	2,200,840	113,666
Total	\$3,574,708	\$3,445,170	\$129,538

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Debt

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1981 USDA Water Bond 91-02	\$303,000	5.00%
1986 USDA Water Bond 91-03	\$51,700	7.38%
1987 Sewer OWDA 2805	\$5,581	2.00%
1987 Sewer OWDA 1751	\$6,807	7.50%
1996 OWDA 2050	\$120,754	6.04%
1998 OWDA 2051	\$11,620	6.00%
2000 OPWC CT61C	\$121,982	2.00%
2002 OWDA 3504	\$150,957	2.00%
2002 OWDA 3401	\$69,051	4.00%
2003 OWDA 3983	\$104,198	2.00%
2004 OPWC CT80F	\$62,988	2.00%
2004 Fire Truck Loan	\$1,500	5.00%
2006 Medic Squad	\$2,019	6.00%
2008 OPWC CT42J	\$593,827	5.00%
2008 OWDA 4852	\$194,739	5.00%
2009 OPWC CQ05K	\$58,555	0.00%
2009 Street Dump Truck	\$43,487	5.00%
2009 OWDA 4598	\$3,473,238	0.00%
2010/2011 OWDA 5274	\$317,680	0.00%
2010/2011 OWDA 5697	\$407,234	2.00%
2011 OPWC CQ29I	\$71,566	2.00%
On-Behalf Loan - Keller Farm	\$466,900	3.5%-4.5%
	<u>\$6,639,383</u>	

The Ohio Water Development Authority (OWDA) loans and The Ohio Public Works Commission (OPWC) loans above are all part of the Water Plant Construction, Water System Expansion, and Wastewater Plant Improvements Design. The Village will repay the loans in semiannual installments. The OWDA will adjust the scheduled payment to reflect any revisions in the amounts the Village actually borrows. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The OPWC loan CQ29I amortization has not been finalized and is not included in the schedule below.

The 1981 and 1986 USDA Rural Development Mortgage Revenue Bonds relate to water system improvements.

The 2004 fire truck loan is for the purchase of a fire truck. It will be repaid to Commodore Bank in 2012. The 2006 medic squad loan is for the purchase of a medic squad for the fire department. It will be repaid to Commodore Bank in 2012. The 2009 street dump truck loan is for the purchase of a dump truck for the street department. It will be repaid to Commodore Bank in 2018.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Debt (Continued)

In 2011, the Village purchased 34.46 acres of land from Keller Farms on a land purchase contract. The proceeds of this loan was posted to the accounting system in 2011. It will be repaid to the Richard and Grace Keller Trust in annual payments set by the amortization schedule included in the purchase agreement and will be repaid in full in 2016. The interest rates ranged between 3.5-4.5%.

The Village's taxing authority collateralized the bonds and equipment.

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

Year ending December 31:	OPWC	BANK LOANS	USDA	OWDA	Keller Farm
2012	\$55,884	\$15,437	\$55,775	\$286,886	\$85,709
2013	55,884	15,437	55,269	271,357	85,709
2014	55,884	7,718	55,592	278,265	85,709
2015	55,884	0	55,799	290,979	62,323
2016	55,884	0	55,992	286,111	204,933
2017-2021	279,421	0	183,276	1,446,172	0
2022-2026	230,469	0	17,280	1,729,283	0
2027-2031	69,425	0	0	1,180,135	0
2032-2036	0	0	0	1,053,110	0
2037-2041	0	0	0	270,413	0
Total	<u>\$858,735</u>	<u>\$38,592</u>	<u>\$478,983</u>	<u>\$7,092,711</u>	<u>\$524,383</u>

6. Retirement Systems

The Village's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2011 and 2010, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Risk Management (Continued)

Commercial Insurance (Continued)

The Village is uninsured for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

8. Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

9. Related Organizations

Fairfield County Regional Planning Commission: The Village appoints a representative to the 48 member board of the Fairfield County Regional Planning Commission. The Village pays a membership fee annually. The fee is based on the per capita of the Village's population. There is no ongoing financial interest of responsibility by the Village.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Millersport
Fairfield County
2245 Refugee Street
Millersport, Ohio 43046

To the Village Council:

We have audited the financial statements of the Village of Millersport, Fairfield County, (the Village) as of and for the year ended December 31, 2011 and 2010, and have issued our report thereon dated July 18, 2012 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America, and we noted the Village adopted Governmental Accounting Standards Board Statement No. 54. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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'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's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village'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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 18, 2012.

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

We intend this report solely for the information and use of management, the finance committee, and the Village Council. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

July 18, 2012

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-001

Material Noncompliance – Prior Certification

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificates - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.

2. Blanket certificates - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Material Noncompliance – Prior Certification (Continued)

The Village did not certify the availability of funds prior to the purchase commitment for 30 percent of expenditures tested during 2010 and 2011 and there was no evidence that the Village followed the aforementioned exceptions.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Fiscal Officer. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

We did not receive responses from Officials to the above findings.

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Financial Statement Presentation	No	Repeated as Management Letter Comment

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VILLAGE OF MILLERSPORT

FAIRFIELD 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
SEPTEMBER 27, 2012