



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF MILLERSPORT  
FAIRFIELD COUNTY

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Mary Taylor, CPA  
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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

May 12, 2010

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# Mary Taylor, CPA

Auditor of State

## 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, 2009 and 2008. 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(B) and 115.56 mandate 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.

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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, 2009 and 2008 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, 2009, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Millersport, Fairfield County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1.B, for the year ended December 31, 2008, the Village changed its financial presentation comparable from the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2010, 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.



**Mary Taylor, CPA**  
Auditor of State

May 12, 2010



**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, 2009**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$ 88,415	\$ 99,938	\$ -	\$ 188,353
Intergovernmental	30,411	71,852	-	102,263
Charges for Services	-	588,024	-	588,024
Fines, Licenses and Permits	1,913	-	-	1,913
Earnings on Investments	4,697	66	-	4,763
Miscellaneous	4,913	13,904	-	18,817
	<u>130,349</u>	<u>773,784</u>	<u>-</u>	<u>904,133</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	44,742	513,089	-	557,831
Public Health Services	4,665	-	-	4,665
Leisure Time Activities	-	45,048	-	45,048
Community Environment	193	-	-	193
Transportation	-	55,870	-	55,870
General Government	137,063	-	-	137,063
Debt Service:				
Redemption of Principal	5,783	70,579	-	76,362
Interest and Fiscal Charges	709	16,819	-	17,528
Capital Outlay	34,844	-	230	35,074
	<u>227,999</u>	<u>701,405</u>	<u>230</u>	<u>929,634</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>(97,650)</u>	<u>72,379</u>	<u>(230)</u>	<u>(25,501)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Sale of Fixed Assets	2,500	-	-	2,500
Transfers-In	160	8,735	-	8,895
Transfers-Out	-	(18,129)	-	(18,129)
Other Financing Uses	(1,563)	-	-	(1,563)
	<u>1,097</u>	<u>(9,394)</u>	<u>-</u>	<u>(8,297)</u>
<b>Total Other Financing Receipts / (Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(96,553)	62,985	(230)	(33,798)
Fund Cash Balances, January 1	<u>121,601</u>	<u>396,569</u>	<u>529</u>	<u>518,699</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 25,048</b></u>	<u><b>\$ 459,554</b></u>	<u><b>\$ 299</b></u>	<u><b>\$ 484,901</b></u>
Reserve for Encumbrances, December 31	<u>\$ 707</u>	<u>\$ 2,185</u>	<u>\$ -</u>	<u>\$ 2,892</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, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,046,390	\$ -	\$ 1,046,390
Total Operating Cash Receipts	<u>1,046,390</u>	<u>-</u>	<u>1,046,390</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	245,800	-	245,800
Employee Fringe Benefits	72,514	-	72,514
Contractual Services	223,309	-	223,309
Supplies and Materials	130,632	-	130,632
Total Operating Cash Disbursements	<u>672,255</u>	<u>-</u>	<u>672,255</u>
Operating Income/(Loss)	<u>374,135</u>	<u>-</u>	<u>374,135</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental	556,873	-	556,873
Other Debt Proceeds	241,109	-	241,109
Miscellaneous Receipts	3,643	-	3,643
Total Non-Operating Cash Receipts	<u>801,625</u>	<u>-</u>	<u>801,625</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	862,942	-	862,942
Redemption of Principal	198,946	-	198,946
Interest and Other Fiscal Charges	48,848	-	48,848
Total Non-Operating Cash Disbursements	<u>1,110,736</u>	<u>-</u>	<u>1,110,736</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	65,024	-	65,024
Transfers-In	835,150	-	835,150
Transfers-Out	<u>(825,916)</u>	<u>-</u>	<u>(825,916)</u>
Net Receipts Over/(Under) Disbursements	74,258	-	74,258
Fund Cash Balances, January 1	<u>450,646</u>	<u>1,270</u>	<u>451,916</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 524,904</u></b>	<b><u>\$ 1,270</u></b>	<b><u>\$ 526,174</u></b>
Reserve for Encumbrances, December 31	<u>\$ 396,029</u>	<u>\$ -</u>	<u>\$ 396,029</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, 2008**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$ 95,557	\$ 103,375	\$ -	\$ 198,932
Intergovernmental	65,839	191,858	-	257,697
Charges for Services	-	583,371	-	583,371
Fines, Licenses and Permits	1,885	-	-	1,885
Earnings on Investments	13,823	220	-	14,043
Miscellaneous	4,868	18,202	-	23,070
	<u>181,972</u>	<u>897,026</u>	<u>-</u>	<u>1,078,998</u>
<b>Total Cash Receipts</b>				
	<u>181,972</u>	<u>897,026</u>	<u>-</u>	<u>1,078,998</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	35,445	684,975	-	720,420
Public Health Services	4,583	-	-	4,583
Leisure Time Activities	-	65,642	-	65,642
Community Environment	385	-	-	385
Transportation	-	55,671	-	55,671
General Government	111,685	671	-	112,356
Debt Service:				
Redemption of Principal	5,516	61,890	-	67,406
Interest and Fiscal Charges	976	17,789	-	18,765
Capital Outlay	640	8,791	110	9,541
	<u>159,230</u>	<u>895,429</u>	<u>110</u>	<u>1,054,769</u>
<b>Total Cash Disbursements</b>				
	<u>159,230</u>	<u>895,429</u>	<u>110</u>	<u>1,054,769</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>22,742</u>	<u>1,597</u>	<u>(110)</u>	<u>24,229</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In	68	24,720	-	24,788
Transfers-Out	(22,000)	(2,737)	-	(24,737)
Other Financing Uses	(1,245)	-	-	(1,245)
Other Debt Proceeds	-	60,123	-	60,123
	<u>(23,177)</u>	<u>82,106</u>	<u>-</u>	<u>58,929</u>
<b>Total Other Financing Receipts / (Disbursements)</b>				
	<u>(23,177)</u>	<u>82,106</u>	<u>-</u>	<u>58,929</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	(435)	83,703	(110)	83,158
<b>Fund Cash Balances, January 1</b>	<u>122,036</u>	<u>312,866</u>	<u>639</u>	<u>435,541</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 121,601</u>	<u>\$ 396,569</u>	<u>\$ 529</u>	<u>\$ 518,699</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 668</u>	<u>\$ 1,614</u>	<u>\$ -</u>	<u>\$ 2,282</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, 2008**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 695,019	\$ -	\$ 695,019
Total Operating Cash Receipts	<u>695,019</u>	<u>-</u>	<u>695,019</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	208,577	-	208,577
Employee Fringe Benefits	68,235	-	68,235
Contractual Services	283,830	-	283,830
Supplies and Materials	<u>136,116</u>	<u>-</u>	<u>136,116</u>
Total Operating Cash Disbursements	<u>696,758</u>	<u>-</u>	<u>696,758</u>
Operating Income/(Loss)	<u>(1,739)</u>	<u>-</u>	<u>(1,739)</u>
<b>Non-Operating Cash Receipts:</b>			
Property and Other Local Taxes			-
Intergovernmental	159,051	-	159,051
Other Debt Proceeds	384,003	-	384,003
Miscellaneous Receipts	<u>4,782</u>	<u>-</u>	<u>4,782</u>
Total Non-Operating Cash Receipts	<u>547,836</u>	<u>-</u>	<u>547,836</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	456,214	-	456,214
Redemption of Principal	86,720	-	86,720
Interest and Other Fiscal Charges	<u>52,615</u>	<u>-</u>	<u>52,615</u>
Total Non-Operating Cash Disbursements	<u>595,549</u>	<u>-</u>	<u>595,549</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(49,452)	-	(49,452)
Transfers-In	483,634	167	483,801
Transfers-Out	<u>(483,852)</u>	<u>-</u>	<u>(483,852)</u>
Net Receipts Over/(Under) Disbursements	(49,670)	167	(49,503)
Fund Cash Balances, January 1	<u>500,316</u>	<u>1,103</u>	<u>501,419</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 450,646</u></b>	<b><u>\$ 1,270</u></b>	<b><u>\$ 451,916</u></b>
Reserve for Encumbrances, December 31	<u>\$ 3,939</u>	<u>\$ -</u>	<u>\$ 3,939</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, 2009 AND 2008**

**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, and police services. The Village contracts with Walnut Township to provide fire protection services.

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.

For the years ended December 31, 2009 and 2008, the Village changed its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basis Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits. This change did not result in a restatement of the fund balances.

**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.

**VILLAGE OF MILLERSPORT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**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.

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.

**VILLAGE OF MILLERSPORT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**5. Fiduciary Funds (Continued)**

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.

**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 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.

**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 2009 and 2008 budgetary activity appears in Note 3.

**F. 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.

**G. 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.

**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:

**VILLAGE OF MILLERSPORT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. Equity in Pooled Deposits and Investments (Continued)**

	2009	2008
Demand deposits	\$319,228	\$496,668
Certificates of deposit	332,360	115,452
Total deposits	651,588	612,120
STAR Ohio	359,487	358,495
Total investments	359,487	358,495
Total deposits and investments	\$1,011,075	\$970,615

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

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, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$144,790	\$133,009	(\$11,781)
Special Revenue	842,019	782,519	(59,500)
Capital Projects	309	0	(309)
Enterprise	2,975,076	2,683,165	(291,911)
Total	\$3,962,194	\$3,598,693	(\$363,501)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$230,560	\$230,269	\$291
Special Revenue	895,776	721,718	174,058
Capital Projects	838	230	608
Enterprise	3,116,678	3,004,936	111,742
Total	\$4,243,852	\$3,957,153	\$286,699



**VILLAGE OF MILLERSPORT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$174,278	\$182,040	\$7,762
Special Revenue	985,649	981,615	(4,034)
Capital Projects	500	0	(500)
Enterprise	1,923,309	1,726,489	(196,820)
Total	\$3,083,736	\$2,890,144	(\$193,592)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$229,772	\$183,143	\$46,629
Special Revenue	1,280,962	899,525	381,437
Capital Projects	925	110	815
Enterprise	1,732,745	1,780,098	(47,353)
Total	\$3,244,404	\$2,862,876	\$381,528

**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, 2009 AND 2008  
(Continued)**

**5. Debt**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1981 USDA Water Bond 91-02	\$362,000	5%
1986 USDA Water Bond 91-03	\$56,800	7%
1987 Sewer OWDA 2805	\$27,453	2%
1987 Sewer OWDA 1751	\$32,134	8%
1996 OWDA 2050	\$138,694	6%
1998 OWDA 2051	\$13,385	6%
1999 Building Loan	\$3,143	7%
2000 OPWC CT61C	\$143,598	2%
2002 OWDA 3504	\$164,094	2%
2002 OWDA 3401	\$80,116	4%
2003 OWDA 3983	\$111,600	2%
2004 OPWC CT80F	\$72,100	2%
2004 Fire Truck Loan	\$61,611	5%
2006 Medic Squad	\$69,475	6%
2006 Water Truck	\$4,959	7%
2008 OPWC CT42J	\$659,808	5%
2008 OWDA 4852	\$182,923	5%
2009 OPWC CQ05K	\$65,444	0%
2009 Street Dump Truck	\$54,247	5%
2009 OWDA 4598	<u>\$3,702,988</u>	0%
Total	<u>\$6,006,572</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 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 2011. The 1999 loan is for building improvements. The loan will be repaid to Commodore Bank in 2010. 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 2011. The 2006 water truck loan is for the purchase of a full size pick-up truck with utility body for the water department. It will be repaid to Commodore Bank in 2010. 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.

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

**VILLAGE OF MILLERSPORT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. Debt (continued)**

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

Year ending December 31:	OPWC Loan	OWDA Loan	USDA	Bank Loans
2010	\$55,884	\$249,701	\$53,689	\$90,012
2011	55,884	249,701	53,362	75,383
2012	55,884	236,684	53,763	7,718
2013	55,884	223,668	53,256	7,718
2014	55,884	405,553	53,578	7,718
2015-2019	279,421	1,070,204	267,092	30,873
2020-2024	232,933	979,854	26,555	
2025-2029	178,730	935,205		
2030-2034		903,324		
2035-2038		688,823		
Total	<u>\$970,504</u>	<u>\$5,942,717</u>	<u>\$561,295</u>	<u>\$219,423</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 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, 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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**7. Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

Members may withdraw at the end of any coverage period upon 60 days' prior notice to the Pool. A withdrawing member not providing the required notification remains responsible for its unpaid claims, and also remains liable for additional assessments (if any) for years during which they were members.

**VILLAGE OF MILLERSPORT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Risk Pool Membership (Continued)**

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$2,552,519	\$ 2,405,834
Liabilities	<u>(2,814,306)</u>	<u>(2,877,385)</u>
Accumulated deficit	<u>(\$261,787)</u>	<u>(\$471,551)</u>

**8. Contingent Liabilities**

The Village is defendant in a lawsuit. 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 Organization**

*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.

**10. Subsequent Events**

The Village has been approved for a \$99,000 grant for Issue II money. This project has been bid out, and the Village will provide a matching amount of \$70,000 in the combination of cash and in-kind work.

Also, the Phase I Wastewater improvement was awarded at last Council meeting to Doll Layman Contractors. This is Issue II money, a 0% loan for approximately \$300,000. Project cost approx. \$219,000.



# Mary Taylor, CPA

## 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, 2009 and 2008, and have issued our report thereon dated May 12, 2010, wherein we noted the Township changed their financial presentation and prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. 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(B) and 115.56 mandate 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 12, 2010.

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.



**Mary Taylor, CPA**  
Auditor of State

May 12, 2010

**VILLAGE OF MILLERSPORT  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-01**

**Material Weakness – Financial Statement Presentation**

Sound financial reporting is the responsibility of the Fiscal Officer and the Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following errors were noted involving the Village’s financial statement presentation:

2009

- The receipt of Ohio Public Works Commission (OPWC) and Ohio Water Development Authority (OWDA) loans in the Enterprise Funds were originally recorded as intergovernmental receipts and not debt proceeds (\$69,585 & \$120,704 respectively; total \$190,289)
- The receipt of OPWC grants in the Enterprise Funds in the amount of \$109,651 and the expenditures of OPWC grants in the Enterprise Funds in the amount of \$179,236 were not recorded on the books.
- The Village overstated their investment amount by \$41,320.

2008

- Loan proceeds were not booked for the purchase of the Street Dump Truck in the Special Revenue Fund (\$60,123)
- The receipt of OWDA loans in the Enterprise Fund was originally recorded as intergovernmental receipts and not debt proceeds (\$105,185)
- Federal Grant Revenue was incorrectly posted as Miscellaneous Revenue in the Fire Fund (\$140,391).
- Debt proceeds and expenditures relating to OPWC loans in the Enterprise Fund was not recorded (\$164,598)
- Intergovernmental Revenue and expenditures relating to OPWC grants in the Enterprise Fund was not recorded (\$158,822)
- The Village invested in three CDs in the amount of \$60,300 which were not recorded in UAN until 2009

Not presenting financial information accurately resulted in the financial statements requiring the above audit adjustments and reclassification entries, including additional time and effort to identify variances and discrepancies. These adjustments were made to the financial statements and the underlying accounting records.

We recommend the Fiscal Officer take steps to ensure the accurate presentation of the financial statements. Financial transactions should be posted in accordance with procedures established by generally accepted account principles (GAAP). By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year and at year end.

**Officials’ Response:**

We are working closely with Uniform Accounting Network (UAN) and the Auditor of State to ensure proper posting.

**VILLAGE OF MILLERSPORT  
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Swimming Pool Receipts- Lack of supporting documents, reconciliations, and procedures in place	No	Repeated in the Management Letter
2007-002	Financial Statement Presentation	No	Not corrected, will be repeated as Findings number 2009-001
2007-003	Posting Financial Activity to the Proper Fund – Material Noncompliance	Yes	
2007-004	Certification of Funds – Material Noncompliance	Yes	
2007-005	Supplemental Appropriations – Material Noncompliance- Appropriations in the system did not agree to the approved appropriations by council	No	Repeated in the Management Letter
2007-006	Expenditures Exceed Appropriations – Material Noncompliance	No	Repeated in the Management Letter





**Mary Taylor, CPA**  
Auditor of State

**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  
JUNE 29, 2010**