

**VILLAGE OF MILLVILLE**  
*BUTLER COUNTY*

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2016 AND 2015**





# Dave Yost • Auditor of State

Village Council  
Village of Millville  
2860 Ross Hanover Road  
Millville, Ohio 45013

We have reviewed the *Independent Auditor's Report* of the Village of Millville, Butler County, prepared by Bastin & Company, LLC, for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

September 21, 2017

**This page intentionally left blank.**

**VILLAGE OF MILLVILLE  
BUTLER COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015.....	4
Notes to the Financial Statements.....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	10
Schedule of Findings.....	12
Schedule of Prior Audit Findings .....	16

**This page intentionally left blank.**

# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Village of Millville  
Butler County  
2860 Ross Hanover Road  
Millville, Ohio 45013

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Millville, Butler County, (the Village) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Millville, Butler County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Cincinnati, Ohio  
July 10, 2017



**Village of Millville**  
*Butler County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2016*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 18,817	\$ 28,815	\$ 47,632
Intergovernmental	24,983	37,018	62,001
Fines, Licenses and Permits	7,910	-	7,910
Miscellaneous	9,499	-	9,499
<i>Total Cash Receipts</i>	<u>61,209</u>	<u>65,833</u>	<u>127,042</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	716	33,496	34,212
Transportation	-	22,298	22,298
General Government	50,397	-	50,397
<i>Total Cash Disbursements</i>	<u>51,113</u>	<u>55,794</u>	<u>106,907</u>
<i>Net Change in Fund Cash Balances</i>	10,096	10,039	20,135
<i>Fund Cash Balances, January 1</i>	<u>401,926</u>	<u>208,515</u>	<u>610,441</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	218,554	218,554
Assigned	133,795	-	133,795
Unassigned	278,227	-	278,227
<i>Fund Cash Balances, December 31</i>	<u>\$ 412,022</u>	<u>\$ 218,554</u>	<u>\$ 630,576</u>

*See accompanying notes to the basic financial statements*

**Village of Millville**  
*Butler County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2015*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 20,127	\$ 30,890	\$ 51,017
Intergovernmental	22,191	37,386	59,577
Fines, Licenses and Permits	13,889	-	13,889
Miscellaneous	8,404	895	9,299
<i>Total Cash Receipts</i>	<u>64,611</u>	<u>69,171</u>	<u>133,782</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	9,836	33,580	43,416
Transportation	-	28,551	28,551
General Government	75,411	-	75,411
<i>Total Cash Disbursements</i>	<u>85,247</u>	<u>62,131</u>	<u>147,378</u>
<i>Net Change in Fund Cash Balances</i>	(20,636)	7,040	(13,596)
<i>Fund Cash Balances, January 1</i>	<u>422,562</u>	<u>201,475</u>	<u>624,037</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	208,515	208,515
Assigned	53,045	-	53,045
Unassigned	348,881	-	348,881
<i>Fund Cash Balances, December 31</i>	<u>\$ 401,926</u>	<u>\$ 208,515</u>	<u>\$ 610,441</u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF MILLVILLE**  
**Butler County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

---

**Note 1 – Reporting Entity**

The Village of Millville (the Village), Butler County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides road maintenance and contracts with Ross Township to provide fire protection and EMS services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

***Street Construction, Maintenance and Repair Fund*** The Street Construction Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Fire/EMS Fund*** The Fire/EMS Fund receives property tax money to pay the cost of fire protection and EMS services provided under contract with Ross Township.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). 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).

**VILLAGE OF MILLVILLE**  
**Butler County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

---

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

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

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

***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 2016 and 2015 budgetary activity appears in Note 4.

***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.

***Capital Assets***

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

***Fund Balance***

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:

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

***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 MILLVILLE**  
**Butler County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

**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.

**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.

**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.

**Note 3 – Compliance**

Contrary to Ohio law, the Village had disbursements without prior certification of availability. In addition, the Village did not maintain or provide for public inspection a full and accurate record of Village Council proceedings or maintain a public records policy.

**Note 4 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,925	\$61,209	\$ 11,284
Special Revenue	56,800	65,833	9,033
Total	\$ 106,725	\$ 127,042	\$ 20,317

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,230	\$51,113	\$ 69,117
Special Revenue	99,200	55,794	43,406
Total	\$ 219,430	\$ 106,907	\$ 112,523

**VILLAGE OF MILLVILLE**  
**Butler County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,809	\$64,611	\$ 3,802
Special Revenue	31,800	69,171	37,371
Total	\$ 92,609	\$ 133,782	\$ 41,173

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$351,518	\$85,247	\$ 266,271
Special Revenue	140,757	62,131	78,626
Total	\$ 492,275	\$ 147,378	\$ 344,897

**Note 5– 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:

	2016	2015
Demand deposits	\$ 130,576	\$ 610,441
Certificates of deposit	500,000	-
Total deposits	\$ 630,576	\$ 610,441

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution’s public entity deposit pool.

**Note 6– Property Taxes**

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.

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

**VILLAGE OF MILLVILLE**  
**Butler County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2016 and 2015**

---

**Note 7 – Risk Management**

The Village has obtained commercial insurance for the following risks:

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

**Note 8 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2016, 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, 2016.

*Social Security*

Several Village employees are participating in Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**This page intentionally left blank.**



**Bastin & Company, LLC**  
*Certified Public Accountants*

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

Village of Millville  
Butler County  
2860 Ross Hanover Road  
Millville, Ohio 45013

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Millville, Butler County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated July 10, 2017 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Controls Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings, that we consider a material weakness. We consider finding 2016-01 to be a material weakness.

### ***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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-02, 2016-03 and 2016-04.

### ***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

### ***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
July 10, 2017

**VILLAGE OF MILLVILLE  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

**FINDING NUMBER 2016-01**

Material Weakness - Financial Reporting

We identified misstatements in the financial statements that were not initially identified by the Village's internal control. Audit adjustments were necessary to correct errors in the Village's financial statements. The adjustments made are as follows:

*Fund adjustments*

- For 2016, an audit adjustment totaling \$8,445 was necessary to properly record hall rental receipts in the General Fund. The Village maintains a separate account for these receipts and had not recorded the activity in the accounting system or reported it in the financial statements presented for audit.
- For 2016, an audit adjustment totaling \$12,417 was necessary to properly record property taxes in the Fire/EMS Fund. The Village incorrectly reported the receipt in the General Fund.
- For 2015, an audit adjustment totaling \$892 was made to properly record permissive license taxes into the Permissive Motor Vehicle License Tax Fund. The Village had incorrectly reported \$825 in the Street Construction Maintenance and Repair Fund and \$67 in the State Highway Fund.
- During 2015, the Village established a special revenue fund titled the Playground Park Fund. The fund was established to account for receipts and expected future expenditures related to a planned playground at the Village. The Village did not obtain approval from the auditor of state to establish this fund as required by Ohio Revised Code Section 5705.12. In addition, the nature of the planned activities should be recorded within the General Fund. As a result, adjustments have been made to the financial statements to reflect \$1,000 of receipts during 2015 initially reported in the Playground Park Fund as a receipt in the General Fund and to eliminate a transfer of \$7,910 made during 2016 from the General Fund to the Playground Park Fund.

*Reclassifications*

- For 2016 and 2015, reclassifications totaling \$5,788 and \$4,553, respectively for the Permissive Motor Vehicle License Tax Fund were made to properly classify receipts as intergovernmental receipts. The Village had reported these amounts as property and other local taxes.
- For 2015, a reclassification totaling \$895 was made to properly record an insurance reimbursement as miscellaneous in the Street Construction Maintenance and Repair Fund. The Village had reported the receipt as a transfer in.
- For 2015, a reclassification totaling \$4,101 was made to properly record real property rollback and homestead receipts as intergovernmental in the General Fund. The Village had incorrectly recorded the receipt as property and other local taxes.
- For 2016 and 2015, a portion of the General Fund's unassigned fund cash balance was reclassified to assigned fund balance in the amounts of \$133,795 and \$53,045, respectively. The reclassification

was made to report the portion of year end fund cash balance that has been assigned to fund the subsequent year's appropriations in accordance with the requirements of GASB 54.

In addition, for 2016 and 2015, the Village's accounting system was not updated to properly reflect budgeted receipts as established by the certificate of estimated resources approved by the County Budget Commission or amounts appropriated as approved by Village Council.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

### **Village's Response**

The Village will attempt to correct the recording of these items in the future.

## **FINDING NUMBER 2016-02**

### **Noncompliance - Certification of Fund Availability**

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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" certificate - 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 ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 expenditures by the Village.
2. Blanket Certificate - 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 operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During fiscal years 2016 and 2015, 28 percent of purchase orders tested were not properly certified prior to incurring the obligation.

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 that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

### **Village's Response**

The Village will attempt to ensure certifications are properly performed in the future.

### **FINDING NUMBER 2016-03**

#### **Noncompliance - Minutes and Meetings**

Ohio Revised Code Section 121.22 (C) and 149.43 when read together, impose a duty on the Village to maintain a full and accurate record of their proceedings. Minutes of meetings must be promptly recorded and open for public inspection.

In addition, Ohio Revised Code Section 121.22 (F), states in part, "Every public body, by rule, shall establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings."

We noted the following conditions related to the Village's minutes and meetings:

- The Village did not notify the public of the date, time, and location of all the Village Council meetings.
- The minutes did not contain sufficient facts and information to permit the public to understand and appreciate the rationale behind the Village Council's decisions and none of the minutes maintained for 2015 or 2016 were properly signed by Village officials.
- The minutes of a public body did not appear to be full and accurate, include the names of the attendees, include the roll call votes, and be promptly prepared, approved, filed and made available for public inspection.

Failure to properly maintain minutes could lead to possible discrepancies in resolutions or ordinances being passed by the Village which could lead to disputes between the Village and the public over funds, laws, etc. Failure to notify the public of Council meetings could lead to the public not being properly represented at Council meetings. Failure to have the minutes signed by at least one Councilmember and the Mayor or the Clerk could lead to the minutes being altered after the fact without Council knowledge.

We recommend the Village document all actions of Council in the minutes and promptly maintain a complete record of all proceedings. We recommend the Village notify the public of the date, time, and location of all Council meetings. We also recommend the Village ensure at least one Councilmember and the Mayor or Clerk sign the minutes.

**Village's Response**

The Village will attempt to ensure minutes are properly taken and approved and that public notice will be provided for Council meetings in the future.

**FINDING NUMBER 2016-04**

**Noncompliance - Public Records Policy**

Ohio Revised Code Section 149.43 states all public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. Upon request, a person responsible for public records shall make copies available at cost, within a reasonable period of time. In order to facilitate broader access to public records, governmental units shall maintain public records in such a manner that they can be made available for inspection.

The Village has not adopted a formal public records policy.

We recommend the Village adopt a public records policy, which states what records are available, times when records may be reviewed and costs for copies to be made.

**Village's Response**

The Village will consider implementing a public records policy.

**VILLAGE OF MILLVILLE  
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Status Explanation</b>
2014-01	Material Weakness - Financial Monitoring	Yes	Condition not applicable to current audit period
2014-02	Material Weakness - Financial Reporting	No	Reissued as Finding 2016-01.
2014-03	Material Weakness and Noncompliance - Budgetary Data	Partially	Applicable part of finding reissued within Finding 2016-01
2014-04	Noncompliance - Certification of Fund Availability	No	Reissued as Finding 2016-02.
2014-05	Noncompliance - Minutes and Meetings	No	Reissued as Finding 2016-03.
2014-06	Noncompliance - Budgetary	Yes	Condition not applicable to current audit period

**This page intentionally left blank.**





# Dave Yost • Auditor of State

VILLAGE OF MILLVILLE

BUTLER 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  
OCTOBER 10, 2017