



**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Millersport
Fairfield County
2245 Refugee Street
P.O. Box 536
Millersport, Ohio 43046-0536

To the Village Council:

We have audited the accompanying financial statements of the Village of Millersport, Fairfield County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Millersport, Fairfield County, Ohio as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management, and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 21, 2000

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FUDICIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:						
Property Tax and Other Local Taxes	\$51,342	\$29,212	\$0	\$0	\$0	\$80,554
Intergovernmental Receipts	41,523	48,415	0	0	0	89,938
Charges for Services	0	214,422	0	0	0	214,422
Fines, Licenses, and Permits	8,683	1,059	0	0	0	9,742
Earnings on Investments	19,159	1,009	0	0	0	20,168
Miscellaneous	6,111	18,155	0	300	25	24,591
Total Cash Receipts	126,818	312,272	0	300	25	439,415
Cash Disbursements:						
Current:						
Security of Persons and Property	36,673	149,118	0	0	0	185,791
Public Health Services	3,480	0	0	0	0	3,480
Leisure Time Activities	0	36,638	0	0	0	36,638
Community Environment	202	0	0	0	0	202
Basic Utility Services	536	0	0	0	0	536
Transportation	0	59,439	0	0	0	59,439
General Government	86,397	0	0	0	94	86,491
Debt Service:						
Principal/Interest Payments	931	13,155	16,884	0	0	30,970
Capital Outlay	0	85,484	0	31,325	0	116,809
Total Disbursements	128,219	343,834	16,884	31,325	94	520,356
Total Receipts Over/(Under) Disbursements	(1,401)	(31,562)	(16,884)	(31,025)	(69)	(80,941)
Other Financing Receipts/(Disbursements):						
Sale Of Notes	0	40,000	0	31,250	0	71,250
Advances-In	20,100	0	0	0	0	20,100
Advances-Out	0	0	0	(20,100)	0	(20,100)
Transfers-In	0	0	13,141	0	0	13,141
Transfers-Out	0	(13,141)	0	0	0	(13,141)
Total Other Financing Receipts/(Disbursements)	20,100	26,859	13,141	11,150	0	71,250
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	18,699	(4,703)	(3,743)	(19,875)	(69)	(9,691)
Fund Cash Balances January 1, 1999	48,368	177,440	11,256	20,837	357	258,258
Fund Cash Balances, December 31, 1999	\$67,067	\$172,737	\$7,513	\$962	\$288	\$248,567
Reserves for Encumbrances, December 31, 1999	\$2,641	\$6,164	\$0	\$0	\$0	\$8,805

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
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fudiciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$474,056	\$0	\$474,056
Miscellaneous	2,739	0	2,739
Total Operating Cash Receipts	<u>476,795</u>	<u>0</u>	<u>476,795</u>
Operating Cash Disbursements:			
Personal Services	91,380	0	91,380
Fringe Benefits	20,954	0	20,954
Contractual Services	123,847	0	123,847
Supplies and Materials	93,526	0	93,526
Miscellaneous	1,925	0	1,925
Total Operating Cash Disbursements	<u>331,632</u>	<u>0</u>	<u>331,632</u>
Operating Income/(Loss)	<u>145,163</u>	<u>0</u>	<u>145,163</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	55,756	0	55,756
Total Non-Operating Cash Receipts	<u>55,756</u>	<u>0</u>	<u>55,756</u>
Non-Operating Cash Disbursements:			
Debt Service	<u>206,585</u>	<u>0</u>	<u>206,585</u>
Total Non-Operating Cash Disbursements	<u>206,585</u>	<u>0</u>	<u>206,585</u>
Net Receipts Over/(Under) Disbursements	(5,666)	0	(5,666)
Fund Cash Balances, January 1, 1999	<u>317,617</u>	<u>239</u>	<u>317,856</u>
Fund Cash Balances, December 31, 1999	<u>\$311,951</u>	<u>\$239</u>	<u>\$312,190</u>
Reserve for Encumbrances, December 31, 1999	<u>\$6,351</u>	<u>\$0</u>	<u>\$0</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 AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$51,310	\$31,690	\$0	\$0	\$0	\$83,000
Intergovernmental Receipts	38,348	38,681	0	0	0	77,029
Charges for Services	0	117,190	0	0	0	117,190
Fines, Licenses, and Permits	9,274	1,248	0	0	0	10,522
Earnings on Investments	18,665	535	0	0	0	19,200
Miscellaneous	15,565	3,941	0	0	35	19,541
Total Cash Receipts	133,162	193,285	0	0	35	326,482
Cash Disbursements:						
Current:						
Security of Persons and Property	38,189	61,019	0	0	0	99,208
Public Health Services	2,901	0	0	0	0	2,901
Leisure Time Activities	0	22,216	0	0	0	22,216
Community Environment	202	0	0	0	0	202
Transportation	0	49,368	0	0	0	49,368
General Government	75,919	0	0	0	0	75,919
Debt Service:						
Principal/Interest Payments	0	0	28,499	0	0	28,499
Capital Outlay	92	0	0	21,586	0	21,678
Total Disbursements	117,303	132,603	28,499	21,586	0	299,991
Total Receipts Over/(Under) Disbursements	15,859	60,682	(28,499)	(21,586)	35	26,491
Other Financing Receipts/(Disbursements):						
Debt Proceeds				20,100		20,100
Advances - In	0	0	0	20,586	0	20,586
Advances-Out	(20,586)	0	0	0	0	(20,586)
Transfers-In	0	5,000	26,225	0	0	31,225
Transfers-Out	(8,989)	(22,236)	0	0	0	(31,225)
Total Other Financing Receipts/(Disbursements)	(29,575)	(17,236)	26,225	40,686	0	20,100
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,716)	43,446	(2,274)	19,100	35	46,591
Fund Cash Balances January 1, 1998	62,084	133,994	13,530	1,737	322	211,667
Fund Cash Balances, December 31, 1998	\$48,368	\$177,440	\$11,256	\$20,837	\$357	\$258,258
Reserves for Encumbrances, December 31, 1998	\$2,877	\$3,244	\$0	\$0	\$108	\$6,121

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
PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fudiciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$436,321	\$0	\$436,321
Miscellaneous	528	0	528
	<u>436,849</u>	<u>0</u>	<u>436,849</u>
Operating Cash Disbursements:			
Personal Services	101,837	0	101,837
Contractual Services	66,490	0	66,490
Supplies and Materials	74,242	0	74,242
	<u>242,569</u>	<u>0</u>	<u>242,569</u>
Operating Income/(Loss)	<u>194,280</u>	<u>0</u>	<u>194,280</u>
Non-Operating Cash Disbursements:			
Debt Service	21,558	0	21,558
	<u>21,558</u>	<u>0</u>	<u>21,558</u>
Net Receipts Over/(Under) Disbursements	172,722	0	172,722
Fund Cash Balances, January 1, 1998	<u>144,895</u>	<u>239</u>	<u>145,134</u>
Fund Cash Balances, December 31, 1998	<u>\$317,617</u>	<u>\$239</u>	<u>\$317,856</u>
Reserve for Encumbrances, December 31, 1998	<u>\$11,698</u>	<u>\$0</u>	<u>\$11,698</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, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Millersport, Fairfield County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

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

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Fire Fund - This fund receives fire levy funds through a contractual agreement with Walnut Township. Monies are remitted to the Village based on 56% of total revenue collected by Walnut Township.

Street Levy Fund - This fund receives real and personal property taxes which is collected by the County and remitted to the Village. This fund is utilized for transportation- related expenditures.

Park and Recreation Fund- This fund receives monies from fees collected for leisure activities.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village is currently retiring debt for vehicles purchased for the street, police and fire departments.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Water Tower Fund - This fund receives loan proceeds from the Ohio Water Development Authority to fund the construction of a 300,000 gallon water tower.

5. Enterprise Funds

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

Water Revenue Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Christmas Fund - This fund receives donations and contributions from residents to cover the cost of Christmas decorations in the Village.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 239,866	\$ 268,190
Certificates of deposit	55,152	55,152
Total deposits	295,018	323,342
STAR Ohio	265,739	252,772
Total investments	265,739	252,772
Total deposits and investments	\$ 560,757	\$ 576,114

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 115,005	\$ 146,919	\$ 31,914
Special Revenue	262,760	352,272	89,512
Debt Service	21,557	13,141	(8,416)
Capital Projects	400	31,550	31,150
Enterprise	755,287	878,889	123,602
Fiduciary	0	25	25
Total	\$ 1,155,009	\$ 1,422,796	\$ 267,787

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 160,496	\$ 130,860	\$ 29,636
Special Revenue	449,698	363,140	86,558
Debt Service	21,556	16,884	4,672
Capital Projects	71,737	51,425	20,312
Enterprise	1,106,862	890,904	215,958
Fiduciary	249	94	155
Total	<u>\$ 1,810,598</u>	<u>\$ 1,453,307</u>	<u>\$ 357,291</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 118,882	\$ 133,162	\$ 14,280
Special Revenue	189,826	198,285	8,459
Debt Service	28,416	26,225	(2,191)
Capital Projects	20,786	40,686	19,900
Enterprise	686,633	757,655	71,022
Fiduciary	454	35	(419)
Total	<u>\$ 1,044,997</u>	<u>\$ 1,156,048</u>	<u>\$ 111,051</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 180,966	\$ 149,755	\$ 31,211
Special Revenue	323,822	158,083	165,739
Debt Service	41,946	28,499	13,447
Capital Projects	22,523	21,586	937
Enterprise	810,056	596,631	213,425
Fiduciary	561	108	453
Total	<u>\$ 1,379,874</u>	<u>\$ 954,662</u>	<u>\$ 425,212</u>

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bond #91-01	\$ 86,600	4.0%
Mortgage Revenue Bond #91-02	585,000	5.0%
Mortgage Revenue Bond #91-03	73,100	7.4%
Ohio Water Development Authority Loan #0209	127,715	2.0%
Ohio Water Development Authority Loan #0799	115,288	7.7%
Ohio Water Development Authority Loan #8032	204,527	6.0%
Ohio Water Development Authority Loan #8032S	19,804	5.7%
Fire Truck Loan	60,095	6.0%
Backhoe Lease	58,739	6.0%
Squad	40,000	6.0%
Building Addition Loan	31,250	6.6%
Total	\$ 1,402,118	

The Ohio Water Development Authority (OWDA) loan No. 0209 and 0799 relate to constructing certain wastewater treatment and sewage collection facilities. Loan No .8032 relates to the construction of a 300,000 gallon elevated water storage tank. The OWDA has approved up to \$1,916,000 in loans to the Village for these projects. The Village has outstanding to date \$467,334 in OWDA loans. The loans will be repaid in semiannual installments, including interest, over 25 years. The payment schedule noted below will be adjusted to reflect any additional borrowing in subsequent periods.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

The United States Department of Agriculture-Farmers Home Administration (FHA) Mortgage Revenue Bonds relate to constructing, enlarging, improving, and expansion of the Village's waste water system. The bonds will be repaid in annual installments, including interest, over 40 years.

In 1995, the Village borrowed monies from a local financial institutions to purchase a fire truck for \$90,000, at 5.97 percent annual interest rate for a period of ten years. The annual payment is \$12,212.

In 1999, The Village entered into a capital lease with the New Holland Credit Company for the purchase of a backhoe. The Village pays annual lease payments totaling \$13,155 for six years. The effective interest rate is 6% per year. The total lease payments will equal \$65,778.

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

Year ending December 31:	Mortgage Revenue Bonds	OWDA Loans	Short-Term Notes and Leases
2000	\$ 69,305	\$ 44,732	\$ 41,739
2001	68,837	44,732	41,739
2002	67,418	44,732	41,739
2003	66,992	44,732	41,739
2004	67,509	44,732	28,584
Subsequent	<u>856,739</u>	<u>512,334</u>	<u>46,722</u>
Total	<u>\$ 1,196,800</u>	<u>\$ 735,994</u>	<u>\$ 242,262</u>

6. RETIREMENT SYSTEMS

All full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries.

The Village's part-time law enforcement officers and firefighters belong to the Social Security Administration and pay FICA taxes.

FICA contribution rates are approved by the United States Congress. Members of FICA contributed 6.2% of their wages to FICA. The Village also contributed an amount equal to 6.2% of their wages.

The Village has paid all contributions required through December 31, 1999.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. RISK MANAGEMENT

The Village is a member of the Ohio Government Risk Management Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance coverage to full-time employees through a private carrier.

8. CHANGE IN FUND CLASSIFICATION

As of January 1, 1998 the Village reclassified the Unclaimed Money Fund previously reported as an Expendable Trust Fund to an Agency Fund since this fund only serves as a holding account for any unclaimed monies the Village accumulates. The following table summarizes the effect on beginning fund balances:

Fund Type	Balance at December 31, 1997	Adjustment	Restated Balance at January 1, 1998
Expendable Trust Fund	\$561	(\$239)	\$357
Agency Fund	\$0	\$239	\$239



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Millersport
Fairfield County
2245 Refugee Street
P.O. Box 536
Millersport, Ohio 43046-0536

To the Village Council:

We have audited the accompanying financial statements of the Village of Millersport, Fairfield County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-30623-001.

Internal Control Over Financial Reporting
(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 21, 2000.

This report is intended for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.



JIM PETRO
Auditor of State

June 21, 2000

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998

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

Finding Number	1999-30623-001
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Swimming Pool Collections

The Village swimming pool collects fees for daily admission and season membership passes. The Village does not issue pre-numbered season passes that could be reconciled to the revenue generated from such sales to ensure the completeness of their revenue. Nor has the Village devised a procedure to ensure all daily admission receipts are in agreement with the collections based on the number of daily participants entering the pool. This weakness could result in the loss or theft of swimming pool collections without detection by management.

The Village should develop procedures to ensure all monies are collected for those persons entering the pool either by daily admission or season membership passes.

Therefore, we recommend the Village print and issue pre-numbered season membership passes. Such passes sequence should be maintained and monitored by a member of management. The number of passes sold times the individual sale price per ticket should agree with the monies collected and the revenues reflected in the accounting records. The pool manager should monitor the entrance gate to ensure all persons entering possess a pre-numbered membership pass or pay the daily admission price. A daily admittance report should be prepared by the cashier to indicate the number of admissions by season membership pass and the payment of the daily admission price. The manager should review the report for reasonableness based on the day's activities. The number of admissions by season pass should not exceed the number issued. Any variance should be investigated.



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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
AUGUST 24, 2000