



**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

March 20, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Millersport, Fairfield County, Ohio (the Village), as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in paragraph 5, 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

For the year ended December 31, 2005, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*

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The Village did not maintain adequate documentation over concession stand sales or membership receipts for the swimming pool. Those financial activities are included in charge for services in Other Governmental funds which is part of the aggregate remaining fund information and in governmental activities. This represents \$20,388 of receipts in the aggregate remaining fund information and governmental activities.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves regarding the concession stand sale or membership receipts for the swimming pool as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Millersport, Fairfield County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Fire, Street Levy, and Boat Tie Ups Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2006, 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.

The aforementioned revision to generally accepting accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2005. 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.



Betty Montgomery
Auditor of State

November 17, 2006

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2005**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$271,784.19	\$414,251.32	\$686,035.51
<i>Total Assets</i>	<u>\$271,784.19</u>	<u>\$414,251.32</u>	<u>\$686,035.51</u>
Net Assets			
Restricted for:			
Capital Projects	\$245.85	\$0.00	\$245.85
Other Purposes	207,211.00	0.00	207,211.00
Unrestricted	64,327.34	414,251.32	478,578.66
<i>Total Net Assets</i>	<u>\$271,784.19</u>	<u>\$414,251.32</u>	<u>\$686,035.51</u>

See accompanying notes to the basic financial statements

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Security of Persons and Property	\$285,818.95	\$309,108.72	\$5,000.00	\$28,289.77	\$0.00	\$28,289.77
Public Health Services	4,622.02	0.00	0.00	(4,622.02)	0.00	(4,622.02)
Leisure Time Activities	115,836.85	38,971.72	77,500.00	634.87	0.00	634.87
Community Environment	192.60	1,590.00	0.00	1,397.40	0.00	1,397.40
Transportation	125,662.14	0.00	47,841.75	(77,820.39)	0.00	(77,820.39)
General Government	61,625.71	190.00	0.00	(61,435.71)	0.00	(61,435.71)
Capital Outlay	259,602.30	0.00	0.00	(259,602.30)	0.00	(259,602.30)
Debt Service:						
Principal	55,508.17	0.00	0.00	(55,508.17)	0.00	(55,508.17)
Interest	11,633.57	0.00	0.00	(11,633.57)	0.00	(11,633.57)
Total Governmental Activities	920,502.31	349,860.44	130,341.75	(440,300.12)	0.00	(440,300.12)
Business Type Activities						
Water Operating	263,185.66	338,673.63	0.00	0.00	75,487.97	75,487.97
Sewer	194,020.90	243,429.77	0.00	0.00	49,408.87	49,408.87
Water System Expansion	199,267.92	0.00	0.00	0.00	(199,267.92)	(199,267.92)
Water Bond Debt	68,018.37	0.00	0.00	0.00	(68,018.37)	(68,018.37)
Sewer Debt	25,477.68	0.00	0.00	0.00	(25,477.68)	(25,477.68)
Water Tower Debt	17,094.82	0.00	0.00	0.00	(17,094.82)	(17,094.82)
Total Business Type Activities	767,065.35	582,103.40	0.00	0.00	(184,961.95)	(184,961.95)
Total Primary Government	\$1,687,567.66	\$931,963.84	\$130,341.75	(\$440,300.12)	(\$184,961.95)	(\$625,262.07)
General Receipts						
Property Taxes						
Levied for General Purposes				\$86,299.56	\$0.00	\$86,299.56
Levied for Street Maintenance				69,265.14	0.00	69,265.14
Grants and Entitlements not Restricted to Specific Programs				40,883.51	0.00	40,883.51
Other Debt Proceeds				210,000.00	202,883.42	412,883.42
Earnings on Investments				12,484.87	0.00	12,484.87
Miscellaneous				10,905.90	1,166.35	12,072.25
Total General Receipts				429,838.98	204,049.77	633,888.75
Transfers from (to) Fiduciary				241.47	(1,102.82)	(861.35)
Total General Receipts and Transfers				430,080.45	202,946.95	633,027.40
Change in Net Assets				(10,219.67)	17,985.00	7,765.33
Net Assets Beginning of Year				282,003.86	396,266.32	678,270.18
Net Assets End of Year				\$271,784.19	\$414,251.32	\$686,035.51

See accompanying notes to the basic financial statements

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	GENERAL	FIRE	STREET LEVY	BOAT TIE UPS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$64,327.34	\$83,662.19	\$54,301.17	\$18,408.66	\$51,084.83	\$271,784.19
<i>Total Assets</i>	<u>\$64,327.34</u>	<u>\$83,662.19</u>	<u>\$54,301.17</u>	<u>\$18,408.66</u>	<u>\$51,084.83</u>	<u>\$271,784.19</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$143.34	\$1,477.00	\$0.00	\$0.00	\$0.00	\$1,620.34
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	64,184.00	0.00	0.00	0.00	0.00	64,184.00
Special Revenue Funds	0.00	82,185.19	54,301.17	18,408.66	50,838.98	205,734.00
Capital Projects Funds	0.00	0.00	0.00	0.00	245.85	245.85
<i>Total Fund Balances</i>	<u>\$64,327.34</u>	<u>\$83,662.19</u>	<u>\$54,301.17</u>	<u>\$18,408.66</u>	<u>\$51,084.83</u>	<u>\$271,784.19</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED-CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	GENERAL	FIRE	STREET LEVY	BOAT TIE UPS	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts						
Property and Other Local Taxes	\$86,299.56	\$0.00	\$66,613.08	\$0.00	\$2,652.06	\$155,564.70
Intergovernmental	32,471.24	5,000.00	8,412.27	77,500.00	47,841.75	171,225.26
Charges for Services	0.00	309,108.72	0.00	7,650.00	31,321.72	348,080.44
Fines, Licenses and Permits	1,780.00	0.00	0.00	0.00	0.00	1,780.00
Earnings on Investments	12,354.61	0.00	0.00	0.00	130.26	12,484.87
Miscellaneous	4,177.50	1,844.69	0.00	0.00	4,883.71	10,905.90
Total Receipts	137,082.91	315,953.41	75,025.35	85,150.00	86,829.50	700,041.17
Disbursements						
Current:						
Security of Persons and Property	26,406.49	259,412.46	0.00	0.00	0.00	285,818.95
Public Health Services	4,622.02	0.00	0.00	0.00	0.00	4,622.02
Leisure Time Activities	0.00	0.00	0.00	83,535.13	32,301.72	115,836.85
Community Environment	192.60	0.00	0.00	0.00	0.00	192.60
Transportation	0.00	0.00	68,990.44	0.00	56,671.70	125,662.14
General Government	60,093.59	0.00	38.00	0.00	1,494.12	61,625.71
Capital Outlay	0.00	259,478.00	0.00	0.00	124.30	259,602.30
Debt Service:						
Principal Retirement	4,629.36	30,568.02	8,786.69	0.00	11,524.10	55,508.17
Interest and Fiscal Charges	2,025.00	5,419.29	2,150.60	0.00	2,038.68	11,633.57
Total Disbursements	97,969.06	554,877.77	79,965.73	83,535.13	104,154.62	920,502.31
Excess of Receipts Over (Under) Disbursements	39,113.85	(238,924.36)	(4,940.38)	1,614.87	(17,325.12)	(220,461.14)
Other Financing Sources (Uses)						
Other Debt Proceeds	0.00	210,000.00	0.00	0.00	0.00	210,000.00
Transfers In	241.47	0.00	0.00	0.00	4,405.78	4,647.25
Transfers Out	0.00	(4,405.78)	0.00	0.00	0.00	(4,405.78)
Advances In	3,681.45	0.00	0.00	0.00	0.00	3,681.45
Advances Out	(3,681.45)	0.00	0.00	0.00	0.00	(3,681.45)
Total Other Financing Sources (Uses)	241.47	205,594.22	0.00	0.00	4,405.78	210,241.47
Net Change in Fund Balances	39,355.32	(33,330.14)	(4,940.38)	1,614.87	(12,919.34)	(10,219.67)
Fund Balances Beginning of Year	24,972.02	116,992.33	59,241.55	16,793.79	64,004.17	282,003.86
Fund Balances End of Year	64,327.34	83,662.19	54,301.17	18,408.66	51,084.83	271,784.19

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$81,267.00	\$81,267.00	\$86,299.56	\$5,032.56
Intergovernmental	31,500.00	31,500.00	32,471.24	971.24
Fines, Licenses and Permits	4,000.00	4,000.00	1,780.00	(2,220.00)
Earnings on Investments	6,000.00	6,000.00	12,354.61	6,354.61
Miscellaneous	3,090.00	3,090.00	4,177.50	1,087.50
<i>Total receipts</i>	<u>125,857.00</u>	<u>125,857.00</u>	<u>137,082.91</u>	<u>11,225.91</u>
Disbursements				
Current:				
Security of Persons and Property	34,374.14	34,374.14	26,406.49	7,967.65
Public Health Services	4,622.02	4,622.02	4,622.02	0.00
Community Environment	192.60	192.60	192.60	0.00
General Government	92,533.49	92,533.49	60,236.93	32,296.56
Capital Outlay	8,136.00	8,136.00	0.00	8,136.00
Debt Service:				
Principal Retirement	4,629.36	4,629.36	4,629.36	0.00
Interest and Fiscal Charges	2,025.00	2,025.00	2,025.00	0.00
<i>Total Disbursements</i>	<u>146,512.61</u>	<u>146,512.61</u>	<u>98,112.40</u>	<u>48,400.21</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,655.61)</u>	<u>(20,655.61)</u>	<u>38,970.51</u>	<u>59,626.12</u>
Other Financing Sources (Uses)				
Transfers In	0.00	0.00	241.47	241.47
Advances In	0.00	0.00	3,681.45	3,681.45
Advances Out	(3,681.45)	(3,681.45)	(3,681.45)	0.00
Other Financing Uses	(634.96)	(634.96)	0.00	634.96
<i>Total Other Financing Sources (Uses)</i>	<u>(4,316.41)</u>	<u>(4,316.41)</u>	<u>241.47</u>	<u>4,557.88</u>
<i>Net Change in Fund Balance</i>	(24,972.02)	(24,972.02)	39,211.98	64,184.00
<i>Fund Balance Beginning of Year</i>	24,017.55	24,017.55	24,017.55	0.00
Prior Year Encumbrances Appropriated	954.47	954.47	954.47	0.00
<i>Fund Balance End of Year</i>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$64,184.00</u>	<u>\$64,184.00</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$0.00	\$0.00	\$5,000.00	\$5,000.00
Charges for Services	269,108.72	269,108.72	309,108.72	40,000.00
Miscellaneous	15,945.28	15,945.28	1,844.69	(14,100.59)
<i>Total receipts</i>	<u>285,054.00</u>	<u>285,054.00</u>	<u>315,953.41</u>	<u>30,899.41</u>
Disbursements				
Current:				
Security of Persons and Property	311,599.24	311,599.24	260,889.46	50,709.78
Capital Outlay	260,054.00	260,054.00	259,478.00	576.00
Debt Service:				
Principal Retirement	30,568.02	30,568.02	30,568.02	0.00
Interest and Fiscal Charges	5,419.29	5,419.29	5,419.29	0.00
<i>Total Disbursements</i>	<u>607,640.55</u>	<u>607,640.55</u>	<u>556,354.77</u>	<u>51,285.78</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(322,586.55)</u>	<u>(322,586.55)</u>	<u>(240,401.36)</u>	<u>82,185.19</u>
Other Financing Sources (Uses)				
Other Debt Proceeds	210,000.00	210,000.00	210,000.00	0.00
Transfers Out	(4,405.78)	(4,405.78)	(4,405.78)	0.00
<i>Total Other Financing Sources (Uses)</i>	<u>205,594.22</u>	<u>205,594.22</u>	<u>205,594.22</u>	<u>0.00</u>
<i>Net Change in Fund Balance</i>	(116,992.33)	(116,992.33)	(34,807.14)	82,185.19
<i>Fund Balance Beginning of Year</i>	103,716.54	103,716.54	103,716.54	0.00
Prior Year Encumbrances Appropriated	13,275.79	13,275.79	13,275.79	0.00
<i>Fund Balance End of Year</i>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$82,185.19</u>	<u>\$82,185.19</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$66,000.00	\$66,000.00	\$66,613.08	\$613.08
Intergovernmental	8,000.00	8,000.00	8,412.27	412.27
<i>Total receipts</i>	<u>74,000.00</u>	<u>74,000.00</u>	<u>75,025.35</u>	<u>1,025.35</u>
Disbursements				
Current:				
Transportation	122,304.23	122,304.23	68,990.44	53,313.79
General Government	0.00	0.00	38.00	(38.00)
Debt Service:				
Principal Retirement	8,786.69	8,786.69	8,786.69	0.00
Interest and Fiscal Charges	2,150.63	2,150.63	2,150.60	0.03
<i>Total Disbursements</i>	<u>133,241.55</u>	<u>133,241.55</u>	<u>79,965.73</u>	<u>53,275.82</u>
<i>Net Change in Fund Balance</i>	(59,241.55)	(59,241.55)	(4,940.38)	54,301.17
<i>Fund Balance Beginning of Year</i>	59,083.95	59,083.95	59,083.95	0.00
Prior Year Encumbrances Appropriated	<u>157.60</u>	<u>157.60</u>	<u>157.60</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$54,301.17</u>	<u>\$54,301.17</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
BOAT TIE UPS FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	0.00	0.00	77,500.00	77,500.00
Charges for Services	6,975.00	6,975.00	7,650.00	675.00
<i>Total receipts</i>	<u>6,975.00</u>	<u>6,975.00</u>	<u>85,150.00</u>	<u>78,175.00</u>
Disbursements				
Current:				
Leisure Time Activities	0.00	0.00	83,535.13	(83,535.13)
<i>Total Disbursements</i>	<u>0.00</u>	<u>0.00</u>	<u>83,535.13</u>	<u>(83,535.13)</u>
<i>Net Change in Fund Balance</i>	6,975.00	6,975.00	1,614.87	(5,360.13)
<i>Fund Balance Beginning of Year</i>	16,793.79	16,793.79	16,793.79	0.00
Prior Year Encumbrances Appropriated	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<i>Fund Balance End of Year</i>	<u><u>\$23,768.79</u></u>	<u><u>\$23,768.79</u></u>	<u><u>\$18,408.66</u></u>	<u><u>(\$5,360.13)</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	WATER OPERATING	SEWER OPERATING	WATER SYSTEM EXPANSION	WATER RESERVE	SEWER RESERVE	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Assets							
Equity in Pooled Cash and Cash Equivalents	\$77,033.69	\$172,199.87	\$3,615.50	\$112,704.35	\$47,055.80	\$1,642.11	\$414,251.32
<i>Total Assets</i>	<u>\$77,033.69</u>	<u>\$172,199.87</u>	<u>\$3,615.50</u>	<u>\$112,704.35</u>	<u>\$47,055.80</u>	<u>\$1,642.11</u>	<u>\$414,251.32</u>
Net Assets							
Unrestricted	77,033.69	172,199.87	3,615.50	112,704.35	47,055.80	1,642.11	414,251.32
<i>Total Net Assets</i>	<u>\$77,033.69</u>	<u>\$172,199.87</u>	<u>\$3,615.50</u>	<u>\$112,704.35</u>	<u>\$47,055.80</u>	<u>\$1,642.11</u>	<u>\$414,251.32</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	WATER OPERATING	SEWER OPERATING	WATER SYSTEM EXPANSION	WATER RESERVE	SEWER RESERVE	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Operating Receipts							
Charges for Services	338,673.63	243,429.77	0.00	0.00	0.00	0.00	582,103.40
<i>Total Operating Receipts</i>	<u>338,673.63</u>	<u>243,429.77</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>582,103.40</u>
Operating Disbursements							
Personal Services	76,965.28	63,486.68	0.00	0.00	0.00	0.00	140,451.96
Employee Fringe Benefits	20,398.39	17,482.23	0.00	0.00	0.00	0.00	37,880.62
Contractual Services	49,693.59	45,267.46	0.00	0.00	0.00	0.00	94,961.05
Supplies and Materials	110,082.15	36,547.81	0.00	0.00	0.00	0.00	146,629.96
<i>Total Operating Disbursements</i>	<u>257,139.41</u>	<u>162,784.18</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>419,923.59</u>
<i>Operating Income (Loss)</i>	<u>81,534.22</u>	<u>80,645.59</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>162,179.81</u>
Non-Operating Receipts (Disbursements)							
Other Debt Proceeds	0.00	0.00	202,883.42	0.00	0.00	0.00	202,883.42
Miscellaneous Receipts	1,141.35	25.00	0.00	0.00	0.00	0.00	1,166.35
Capital Outlay	(6,046.25)	0.00	(199,267.92)	0.00	0.00	0.00	(205,314.17)
Principal Payments	0.00	(20,075.77)	0.00	0.00	0.00	(61,447.89)	(81,523.66)
Interest and Fiscal Charges	0.00	(11,160.95)	0.00	0.00	0.00	(49,142.98)	(60,303.93)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(4,904.90)</u>	<u>(31,211.72)</u>	<u>3,615.50</u>	<u>0.00</u>	<u>0.00</u>	<u>(110,590.87)</u>	<u>(143,091.99)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>76,629.32</u>	<u>49,433.87</u>	<u>3,615.50</u>	<u>0.00</u>	<u>0.00</u>	<u>(110,590.87)</u>	<u>19,087.82</u>
Transfers In	0.00	0.00	0.00	9,000.00	2,577.59	112,222.38	123,799.97
Transfers Out	(95,718.29)	(28,081.68)	0.00	0.00	0.00	(1,102.82)	(124,902.79)
Advances In	0.00	0.00	0.00	0.00	0.00	3,681.45	3,681.45
Advances Out	0.00	0.00	0.00	0.00	0.00	(3,681.45)	(3,681.45)
<i>Change in Net Assets</i>	<u>(19,088.97)</u>	<u>21,352.19</u>	<u>3,615.50</u>	<u>9,000.00</u>	<u>2,577.59</u>	<u>528.69</u>	<u>17,985.00</u>
<i>Net Assets Beginning of Year</i>	<u>96,122.66</u>	<u>150,847.68</u>	<u>0.00</u>	<u>103,704.35</u>	<u>44,478.21</u>	<u>1,113.42</u>	<u>396,266.32</u>
<i>Net Assets End of Year</i>	<u><u>77,033.69</u></u>	<u><u>172,199.87</u></u>	<u><u>3,615.50</u></u>	<u><u>112,704.35</u></u>	<u><u>47,055.80</u></u>	<u><u>1,642.11</u></u>	<u><u>414,251.32</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2005

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,102.82
<i>Total Assets</i>	<u><u>\$1,102.82</u></u>
Liabilities	
Due to Other	\$1,102.82
<i>Total Liabilities</i>	<u><u>\$1,102.82</u></u>

See accompanying notes to the basic financial statements

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**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 1 – Reporting Entity

The Village of Millersport, Fairfield County, Ohio (the Village), 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. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police and fire services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Village has no component units.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the modified cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village has no joint ventures.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, the Fire Fund, the Street Levy Fund, and the Boat Tie Ups Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Fire Fund is used to account for monies received from Walnut Township for fire services. The Street Levy Fund is used to account for receipts from taxes and disbursements for street maintenance and repair. The Boat Tie Ups Fund is used to account for receipts and disbursements for boat tie ups and, in 2005, for a project to improve the dock. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Village has no internal service funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are:

Water Operating Fund – This fund accounts for water services and salaries.

Sewer Operating Fund – This fund accounts for sanitary sewer services provided to Village residents and commercial users.

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

Water Reserve – This fund accounts for monies set aside for water emergencies.

Sewer Reserve – This fund accounts for monies set aside for sewer emergencies.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

All funds, except the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk/Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

The Village did not always certify the availability of funds prior to the purchase commitment and expenditures exceeded appropriations in the Swimming pool, Boat tie up, and Fire debt service funds in 2005.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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 negative receipts (contra revenue), respectively.

The Village invested in four certificates of deposit from Commodore Bank and in STAR Ohio.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund were \$12,354.61, the Street Construction Maintenance and Repair Fund were \$55, the State Highway Fund were \$43, and the Permissive MVL Fund were \$32.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village does not have any restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for capital projects include fund balances of a restricted fund in the amount of \$245.85. Net assets restricted for other purposes in 2005 include the fund balances of restricted funds in the amount of \$207,211.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Reserve for encumbrances totaled \$143.34 in the General fund and \$1,477 in the Fire fund. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting

In 2004, the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. In 2005, the Village has implemented the modified cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Fire Fund, Street Levy Fund, and Boat Tie Up is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). In 2005, the encumbrances outstanding at year end (budgetary basis) amounted to \$143.34 for the General Fund and \$1,477 for the Fire Fund.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 5 – Deposits and Investments (Continued)

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the Village had no undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005, \$371,967.13 of the Village's bank balance of \$471,967.13 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

	<u>Carrying Value</u>	<u>Maturity</u>
Certificate of Deposit	\$ 25,151.82	1/6/2006
Certificate of Deposit	20,000.00	10/25/2006
Certificate of Deposit	5,000.00	10/21/2006
Certificate of Deposit	5,000.00	2/14/2006
STAR Ohio	316,581.15	Continuous
Total Portfolio	<u>\$ 371,732.97</u>	

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 5 – Deposits and Investments (Continued)

The Village does not have a deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2005, the Village had investments in STAR Ohio.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2003, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2003, were levied after October 31, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 6 – Property Taxes (Continued)

The full tax rate for all Village operations for the year ended December 31, 2005, was \$7.84 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	2005
Residential	\$13,960,990
Agricultural	253,550
Commercial	4,126,160
Industrial	385,400
Public Utility Personal Property	424,950
Tangible Personal Property	282,713
Tangible Personal Property Exempt	87,224
Total Assessed Value	\$19,520,987

Note 7 – Risk Management

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 Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan 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.

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, 2005.

	2005
Assets	\$ 2,241,661
Liabilities	(3,457,720)
Accumulated deficit	(\$1,216,059)

Note 8 – Defined Benefit Pension Plans

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 8 – Defined Benefit Pension Plans (Continued)

Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Village's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005 and 2004 were \$45,153.30 and \$44,266.72 respectively. The amount of \$6,021.18 and \$4,456.07 owed for 2005 and 2004 respectively. Contributions to the member-directed plan for 2005 and 2004 were \$0 made by the Village and \$0 made by the plan members.

Note 9 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment

Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at a projected wage inflation rate plus an additional factor ranging from 1 and 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 9 - Postemployment Benefits (Continued)

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the healthcare fund.

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004	Due Within One Year
Governmental Activities						
1995 Fire Truck Loan	5.97%	\$11,524	\$0	\$11,524	\$0	\$0
1999 Building Loan	6.55%	29,581	0	4,629	24,952	4,937
2004 Fire Truck Loan	4.75%	0	210,000	30,568	179,432	27,460
2000 Village Truck	6.46%	4,707	0	4,707	0	0
2004 OPWC CT80F	2.00%	93,354	0	4,080	89,274	2,072
2005 OPWC CQ21G		47,994	0	0	47,994	0
Total Governmental Activities		187,160	210,000	55,508	341,652	34,469
Business-type Activities						
1968 USDA Water Bond 91-01	4.00%	26,600	0	13,000	13,600	0
1981 USDA Water Bond 91-02	5.00%	487,000	0	23,000	464,000	0
1986 USDA Water Bond 91-03	7.375%	66,500	0	1,700	64,800	0
1987 OWDA 2805	2.00%	78,489	0	9,807	68,682	4,952
1987 OWDA 1751	7.65%	81,287	0	8,410	72,877	4,374
1996 OWDA 2050	6.04%	175,332	0	4,879	170,453	4,958
1998 OWDA 2051	5.66%	17,034	0	652	16,382	335
2000 OPWC CT61C	2.00%	194,019	0	9,687	184,332	4,916
2002 OWDA 3504	1.50%	195,275	0	6,051	189,224	3,060
2002 OWDA 3401	3.64%	95,343	0	1,021	94,322	2,330
Capitalized Interest		1,821	3,845	0	5,666	0
2003 OWDA 3983	2.00%	128,837	0	3,317	125,520	1,683
Capitalized Interest		28	0	0	28	0
2005 OWDA 3701		75,820	202,883	0	278,703	0
Capitalized Interest		2,985	11,174	0	14,159	0
Total Business Type Activities		1,626,370	217,902	81,524	1,762,478	26,608
Total		\$1,813,530	\$427,902	\$137,032	\$2,104,400	\$61,077

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 10 – Debt (Continued)

The 2005 Ohio Water Development Authority (OWDA) loan relates to a water system expansion planning and design. The 2003 Ohio Water Development Authority (OWDA) loan relates to wastewater treatment plant improvements project. The 2002 Ohio Water Development Authority (OWDA) loans relate to sewer rehabilitation project. The 1998 and 1996 Ohio Water Development Authority (OWDA) loans relate to the storage tank construction project. The 1987 Ohio Water Development Authority (OWDA) loans relate to the wastewater treatment plant improvements project. The OWDA loans will be repaid in semiannual payments over the next twenty eight years.

The 2005 Ohio Public Works Commission (OPWC) loan relates to the road paving project. The 2004 Ohio Public Works Commission (OPWC) loan relates to the storm sewer improvements project. The 2000 Ohio Public Works Commission (OPWC) loan relates to the wastewater collection system improvements project. The OPWC loans will be repaid in semiannual payments over the next nineteen years.

The 1968, 1981 and 1986 USDA Rural Development Mortgage Revenue Bonds relate to water system improvements. The 1968 USDA Rural Development Mortgage Revenue Bond will be repaid in 2006.

The 1981 and 1986 USDA Rural Development Mortgage Revenue Bond will be repaid in annual payments over the next nineteen years.

The 2004 and 1995 loans are for the purchase of fire trucks. The 2000 loan is for the purchase of a village truck. The 1999 loan is for building improvements. The loans will be repaid to Commodore Bank over the next six years.

The 2005 Ohio Water Development Authority (OWDA) loan for water system expansion planning and design and 2005 Ohio Public Works Commission (OPWC) loan for road paving project have not been finalized and additional proceeds are expected. Amortization schedules are not available.

The following is a summary of the Village's future annual debt service requirements:

Year	OPWC		OWDA		USDA		Bank Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 6,988	\$2,736	\$ 21,692	\$ 13,858	\$ 0	\$ 0	\$ 32,397	\$10,082
2007	14,188	5,262	41,709	26,158	39,400	28,523	34,031	8,449
2008	14,473	4,977	43,437	24,430	26,900	26,646	35,745	6,735
2009	14,764	4,686	45,262	22,605	28,100	25,256	37,552	4,927
2010	15,060	4,389	47,190	20,678	29,200	23,801	36,204	3,029
2011-2015	79,967	16,740	186,729	74,511	173,300	94,348	28,455	1,356
2016-2020	88,333	8,914	167,695	41,480	223,200	44,292	0	0
2021-2025	39,833	1,205	92,465	12,861	22,300	4,255	0	0
2026-2030	0	0	68,318	5,858	0	0	0	0
2031-2035	0	0	28,657	899	0	0	0	0
2036-2040	0	0	0	0	0	0	0	0
2041-2045	0	0	0	0	0	0	0	0
Totals	\$273,606	\$48,909	\$743,154	\$243,338	\$542,400	\$247,121	\$204,384	\$34,578

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 10 – Debt (Continued)

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2005, were a net general obligation debt margin of \$1,073,654 and an overall debt margin of \$2,049,704. \$1,578,146 of the Village debt outstanding as of December 31, 2005, is exempt from these limits.

Note 11 - Transfers

During 2005 the following transfers were made:

	Transferred to:						Total
	General Fund	Other Govern- mental	Water Reserve	Sewer Reserve	Other Enterprise	Agency	
Transferred from:							
Fire Fund		\$4,406					\$4,406
Water			9,000		86,718		95,718
Sewer				2,578	25,504		28,082
Other Enterprise						1,102	1,102
Agency	241						241
Total	\$241	\$4,406	\$9,000	\$2,578	\$112,222	\$1,102	

The transfer from the Fire Fund represents the debt payment amount for the fire truck loan that is paid from the Fire Debt Service Fund.

Utility receipts are posted to Sewer Fund and Water Fund. The Village was required to create a Water and Sewer Reserve Funds in case problems were encountered with Water and Sewer operations. Transfers from the Sewer Fund represent amounts required to be set aside for debt payments and the Sewer reserve. Transfers from the Water Fund represent amounts required to be set aside for the debt payments and the Water reserve.

The transfer from the Utility Deposit Fund (Other Enterprise) is to eliminate the fund and transfer amounts held to Unclaimed Monies.

The transfer from Unclaimed Monies Fund (Agency) to the General Fund is for unclaimed funds that were held for five years.

Note 12 – Public Entity Risk Pool

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 Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles. See Note 8 for more detail.

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 13 – Related Organization

The Millersport Volunteer Fire Company Incorporated owns the building that houses the Village's fire trucks and equipment. The Village contracted to rent the building from Millersport Volunteer Fire Company Incorporated for \$25,500 per year which makes up 50% of total revenue, \$51,298, for the year ending December 31, 2005

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.

Note 14 – Contingencies

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Auditor of State Betty Montgomery

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
P.O. Box 536
Millersport, Ohio 43046-0536

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Millersport, Fairfield County, Ohio (the Village) for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 17, 2006 wherein we qualified our opinion due to insufficient documentation to support swimming pool receipts. 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 independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. 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 to determine our auditing procedures in order to express our opinions on the financial statements and not to opine 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 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 management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 through 2005-005.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. We consider reportable condition 2005-001 listed above to be a material weakness. In a separate letter to the Village's management dated November 17, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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www.auditor.state.oh.us

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 instances of noncompliance or other matter that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-003 through 2005-006. In a separate letter to the Village's management dated November 17, 2006, we reported matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Council. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 17, 2006

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

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

FINDING NUMBER 2005-001

MATERIAL WEAKNESS/REPORTABLE CONDITION

The Village did not have established procedures for collecting and reconciling swimming pool receipts and did not maintain adequate source documentation for swimming pool receipt activity. There were no records detailing concessions or membership receipts. In addition, there were 13 instances when daily attendance records did not agree to amounts collected (i.e daily attendance record states 1 regular admission but amount collected is \$3 and should be \$4). This information was, therefore, not reconciled with cash records.

These weaknesses could result in errors in swimming pool receipts or theft without timely detection by management.

The Village should establish procedures to be used in collecting swimming pool receipt activity, including a description of the fees charged and reconciliation of cash collected with attendance, memberships, or concession records. We recommend the Village consider the use of internal control procedures such as cash register tapes, tickets, membership ledgers, etc. These items should be reconciled daily with cash collected, using a pool activity report. The pool activity report should be completed by those individuals collecting swimming pool receipts and reviewed/approved by the Pool Manager. The pool activity report should then be submitted to the Fiscal Officer for review and posting. The Village should also have established procedures for concession stand sales and reconciling those with items purchased/sold.

Officials' Response: The Village agrees to establish procedures in collecting receipts. A cash register is to be purchased for the pool.

FINDING NUMBER 2005-002

REPORTABLE CONDITION

Appendix A-2 of the Village Officer's Handbook includes a table of UAN revenue codes, names, and detailed descriptions; programs (expenditure) codes and names; and object codes, names, and detailed descriptions.

The Fiscal Officer improperly posted the following receipt types:

Type of Revenue	Incorrectly Posted To	Should be Posted to	Amount	Fund
State Grant	Miscellaneous	Intergovernmental	\$5,000	Fire
OWDA	Intergovernmental	Debt Proceeds	201,058	Water System Expansion
ODNR	Charges for services	Intergovernmental	44,400	Boat Tie Up
Reimbursement				
Fire Contract	Miscellaneous	Charges for Services	40,000	Fire
Fire Truck Loan	Miscellaneous	Debt Proceeds	210,000	Fire

Posting revenues to the wrong line item can mislead the reader and management to the sources of the Village's revenue (i.e presenting debt as intergovernmental).

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005
(Continued)**

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

(Continued)

FINDING NUMBER 2005-002 (Continued)

REPORTABLE CONDITION (Continued)

We recommend the Fiscal Officer record revenues to appropriate line item according to Village Officer's Handbook.

Officials' Response: The Fiscal Officer agrees to record revenues to appropriate line items.

FINDING NUMBER 2005-003

REPORTABLE CONDITION/MATERIAL NONCOMPLIANCE

Ohio Rev. Code Section 5705.10 states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

Ohio Rev. Code Section 5705.41 (C) states that no subdivision is to expend money except by a proper warrant drawn against an appropriate fund.

The Fiscal Officer improperly posted the following:

Year/ Transaction Type	Incorrectly posted to:	Should have been posted to:	Amount
Personal Property Tax	General	Street Levy	\$ 855
OWDA Debt Proceeds	Sewer-Special Assessment	Water System Expansion-Debt Proceeds	1,825
Canal Dock Project Costs	Street Levy-Transportation	Boat Tie Ups-Leisure Time Activities	34,000
ODNR Reimbursement	Street Levy-Miscellaneous	Boat Tie Ups-Intergovernmental	33,100
Payroll (Fireman)	Street Levy	Fire	2,924

Posting receipts and expenditures to the wrong fund can mislead the financial position of the funds and could allow for restricted funds to be misspent.

We recommend the Fiscal Officer post receipts and expenditures to the correct fund.

The financial statements and accounting records have been adjusted to reflect this activity in the correct funds.

Officials' Response: These have been corrected. The Village is taking steps to ensure in the future this won't happen again.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005
(Continued)**

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

(Continued)

FINDING NUMBER 2005-004

REPORTABLE CONDITION/MATERIAL NONCOMPLIANCE

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

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

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

Amounts 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 the expenditures by the Village.

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current 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 Certificates - The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Village did not properly certify the availability of funds prior to the purchase commitment for 72% of expenditures tested in 2005. For these items, the Village also did not prepare blanket certificates, super blanket certificates or then and now certificates. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005
(Continued)**

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

(Continued)

FINDING NUMBER 2005-004(continued)

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

We recommend the Village officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response: The Village agrees that POs will be done in a timely manner.

FINDING NUMBER 2005-005

REPORTABLE CONDITION/MATERIAL NONCOMPLIANCE

Ohio Rev. Code Section 5705.40 states that any appropriation ordinance or measure may be amended or supplemented provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

At December 31, 2005, appropriations in the accounting system did not agree to what was approved by Council as follows:

Fund	Amount in System	Approved Amount	Variance
General	\$146,387.26	\$149,290.37	\$2,903.11
Park	160.00	68,668.15	68,508.15
Swimming Pool	34,338.49	0.00	(34,338.49)
Boat Tie Ups	78,168.79	0.00	(78,178.69)
Fire	574,629.19	598,160.56	23,531.37
Fire Debt	13,562.78	4,403.78	9,159.00
Water	339,846.65	340,846.65	1,000.00
Utility Deposit	2,205.64	1,102.82	(1,102.82)

Lack of Council approval of appropriation amendments could result in expenditures exceeding appropriations.

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005
(Continued)

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

(Continued)

FINDING NUMBER 2005-005 (Continued)

REPORTABLE CONDITION/MATERIAL NONCOMPLIANCE (Continued)

We recommend the Council approve all supplemental and amended appropriations. The Fiscal Officer should not enter any appropriation amendments into the accounting system until they have been approved by Council.

Officials' Response: Council will approve all supplemental and amended appropriations.

FINDING NUMBER 2005-006

MATERIAL NONCOMPLIANCE

Ohio Rev. Code Section 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2005, the following funds had expenditures plus outstanding encumbrances exceeding appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures plus Encumbrances</u>	<u>Variance</u>
Swimming Pool	\$0.00	\$32,207.72	(\$32,207.72)
Boat Tie Ups	0.00	83,535.13	(83,535.13)
Fire Debt Service	4,403.78	13,562.78	(9,159.00)

Expenditures exceeding appropriations can result in a negative fund balance.

We recommend the Fiscal Officer not expend or encumber monies that have not been appropriated.

Officials' Response: Council agrees to recommend that the Fiscal Officer not expend or encumber monies that have not been appropriated.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Swimming Pool Receipts	No	Not Corrected. Reissued as Finding 2005-001
2004-002	Posting Receipts	No	Not Corrected. Reissued as Finding 2005-002
2004-003	ORC 5705.10	No	Not Corrected. Reissued as Finding 2005-003
2004-004	ORC 5705.41(D)	No	Not Corrected. Reissued as Finding 2005-004.



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
MARCH 27, 2007**