



Mary Taylor, CPA
Auditor of State

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

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FAIRFIELD COUNTY

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Mary Taylor, CPA

Auditor of State

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 years ended December 31, 2007 and 2006, 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 4, 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 cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

We were unable to obtain sufficient evidence to support the completeness of the swimming pool charges for services receipts comprising \$21,866 (57%) in 2007, and \$13,759 (49%) in 2006 of the aggregate remaining fund information receipts, nor were we able to satisfy ourselves as to the swimming pool charges for services by other auditing procedures.

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 swimming pool charges for services as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective 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, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Fire, and Street Levy Funds thereof for the years 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 December 1, 2008, 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, 2007 and 2006. 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.



Mary Taylor, CPA
Auditor of State

December 1, 2008

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**Statement of Net Assets - Cash Basis
December 31, 2007**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$435,541.20	\$500,315.82	\$935,857.02
<i>Total Assets</i>	<u>\$435,541.20</u>	<u>\$500,315.82</u>	<u>\$935,857.02</u>
Net Assets			
Restricted for:			
Capital Projects	\$638.59	\$0.00	\$638.59
Other Purposes	312,866.34	0.00	312,866.34
Unrestricted	122,036.27	500,315.82	622,352.09
<i>Total Net Assets</i>	<u>\$435,541.20</u>	<u>\$500,315.82</u>	<u>\$935,857.02</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2007**

	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	\$457,101.13	\$595,865.41	\$0.00	\$138,764.28	\$0.00	\$138,764.28
Public Health Services	4,510.62	0.00	0.00	(4,510.62)	0.00	(4,510.62)
Leisure Time Activities	56,482.72	38,478.43	0.00	(18,004.29)	0.00	(18,004.29)
Community Environment	192.60	1,675.00	618.37	2,100.77	0.00	2,100.77
Transportation	117,933.22	0.00	45,358.29	(72,574.93)	0.00	(72,574.93)
General Government	71,245.17	195.00	0.00	(71,050.17)	0.00	(71,050.17)
Capital Outlay	176,562.07	0.00	0.00	(176,562.07)	0.00	(176,562.07)
Debt Service:						
Principal	66,791.36	0.00	0.00	(66,791.36)	0.00	(66,791.36)
Interest	19,379.77	0.00	0.00	(19,379.77)	0.00	(19,379.77)
Other	3,150.00	0.00	0.00	(3,150.00)	0.00	(3,150.00)
Total Governmental Activities	973,348.66	636,213.84	45,976.66	(291,158.16)	0.00	(291,158.16)
Business Type Activities						
Water Operating	263,851.28	392,543.08	0.00	0.00	128,691.80	128,691.80
Sewer	223,621.14	242,893.30	0.00	0.00	19,272.16	19,272.16
Water Plant Construction	3,639,832.52	0.00	0.00	0.00	(3,639,832.52)	(3,639,832.52)
Water System Expansion	85,393.62	0.00	0.00	0.00	(85,393.62)	(85,393.62)
Water Bond Debt	53,546.25	0.00	0.00	0.00	(53,546.25)	(53,546.25)
Sewer Debt	25,617.97	0.00	0.00	0.00	(25,617.97)	(25,617.97)
Water Tower Debt	18,699.92	0.00	0.00	0.00	(18,699.92)	(18,699.92)
Total Business Type Activities	4,310,562.70	635,436.38	0.00	0.00	(3,675,126.32)	(3,675,126.32)
Total Primary Government	\$5,283,911.36	\$1,271,650.22	\$45,976.66	(\$291,158.16)	(\$3,675,126.32)	(\$3,966,284.48)
General Receipts						
Property Taxes						
Levied for General Purposes				\$89,275.98	\$0.00	\$0.00
Levied for Street Maintenance				109,101.30	0.00	0.00
Grants and Entitlements not Restricted to Specific Programs				33,395.46	0.00	33,395.46
Other Debt Proceeds				0.00	3,728,493.19	3,728,493.19
Earnings on Investments				22,883.89	0.00	22,883.89
Miscellaneous				20,260.49	1,897.01	22,157.50
Total General Receipts				274,917.12	3,730,390.20	3,806,930.04
Total General Receipts, Transfers and Advances				274,917.12	3,730,390.20	4,005,307.32
Change in Net Assets				(16,241.04)	55,263.88	39,022.84
Net Assets Beginning of Year				451,782.24	445,051.94	896,834.18
Net Assets End of Year				\$435,541.20	\$500,315.82	\$935,857.02

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007**

	GENERAL	FIRE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Equity in Pooled Cash and Cash Equivalents	\$122,036.27	\$218,419.35	\$95,085.58	\$435,541.20
<i>Total Assets</i>	<u>\$122,036.27</u>	<u>\$218,419.35</u>	<u>\$95,085.58</u>	<u>\$435,541.20</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$1,345.53	\$7,107.43	\$1,159.44	\$9,612.40
Unreserved:				
Undesignated, Reported in:				
General Fund	120,690.74	0.00	0.00	120,690.74
Special Revenue Funds	0.00	211,311.92	93,301.23	304,613.15
Capital Projects Funds	0.00	0.00	624.91	624.91
<i>Total Fund Balances</i>	<u>\$122,036.27</u>	<u>\$218,419.35</u>	<u>\$95,085.58</u>	<u>\$435,541.20</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007**

	GENERAL	FIRE	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts				
Property and Other Local Taxes	\$89,275.98	\$0.00	\$107,306.43	\$196,582.41
Intergovernmental	29,829.70	0.00	50,718.92	80,548.62
Charges for Services	0.00	595,865.41	38,478.43	634,343.84
Fines, Licenses and Permits	1,870.00	0.00	0.00	1,870.00
Earnings on Investments	22,408.57	0.00	475.32	22,883.89
Miscellaneous	5,032.63	0.00	15,846.23	20,878.86
Total Receipts	148,416.88	595,865.41	212,825.33	957,107.62
Disbursements				
Current:				
Security of Persons and Property	32,335.46	417,842.22	6,923.45	457,101.13
Public Health Services	4,510.62	0.00	0.00	4,510.62
Leisure Time Activities	0.00	0.00	56,482.72	56,482.72
Community Environment	192.60	0.00	0.00	192.60
Transportation	0.00	0.00	117,933.22	117,933.22
General Government	69,465.23	0.00	1,779.94	71,245.17
Capital Outlay	0.00	176,197.66	364.41	176,562.07
Debt Service:				
Principal Retirement	5,266.26	57,318.03	4,207.07	66,791.36
Interest and Fiscal Charges	1,225.80	16,430.94	1,723.03	19,379.77
Total Disbursements	112,995.97	667,788.85	189,413.84	970,198.66
Excess of Receipts Over (Under) Disbursements	35,420.91	(71,923.44)	23,411.49	(13,091.04)
Other Financing Sources (Uses)				
Advances In	25,000.00	0.00	0.00	25,000.00
Advances Out	0.00	0.00	(25,000.00)	(25,000.00)
Other Financing Uses	(3,150.00)	0.00	0.00	(3,150.00)
Total Other Financing Sources (Uses)	21,850.00	0.00	(25,000.00)	(3,150.00)
Net Change in Fund Balances	57,270.91	(71,923.44)	(1,588.51)	(16,241.04)
Fund Balances Beginning of Year	64,765.36	290,342.79	96,674.09	451,782.24
Fund Balances End of Year	\$122,036.27	\$218,419.35	\$95,085.58	\$435,541.20

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, 2007**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$83,000.00	\$83,000.00	\$89,275.98	\$6,275.98
Intergovernmental	30,087.37	30,087.37	29,829.70	(257.67)
Fines, Licenses and Permits	2,060.00	2,060.00	1,870.00	(190.00)
Earnings on Investments	12,360.00	12,360.00	22,408.57	10,048.57
Miscellaneous	3,000.00	3,000.00	5,032.63	2,032.63
<i>Total receipts</i>	<u>130,507.37</u>	<u>130,507.37</u>	<u>148,416.88</u>	<u>17,909.51</u>
Disbursements				
Current:				
Security of Persons and Property	50,772.00	34,698.00	32,335.46	2,362.54
Public Health Services	4,600.00	4,598.00	4,510.62	87.38
Community Environment	192.60	192.60	192.60	0.00
General Government	130,723.52	86,961.13	70,810.76	16,150.37
Capital Outlay	0.00	56,055.13	0.00	56,055.13
Debt Service:				
Principal Retirement	5,614.11	5,266.26	5,266.26	0.00
Interest and Fiscal Charges	877.95	1,225.80	1,225.80	0.00
<i>Total Disbursements</i>	<u>192,780.18</u>	<u>188,996.92</u>	<u>114,341.50</u>	<u>74,655.42</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(62,272.81)</u>	<u>(58,489.55)</u>	<u>34,075.38</u>	<u>92,564.93</u>
Other Financing Sources (Uses)				
Advances In	0.00	0.00	25,000.00	25,000.00
Other Financing Uses	0.00	(3,783.39)	(3,150.00)	633.39
<i>Total Other Financing Sources (Uses)</i>	<u>0.00</u>	<u>(3,783.39)</u>	<u>21,850.00</u>	<u>25,633.39</u>
<i>Net Change in Fund Balance</i>	(62,272.81)	(62,272.94)	55,925.38	118,198.32
<i>Unencumbered Cash Balance Beginning of Year</i>	61,355.42	61,355.42	61,355.42	0.00
<i>Prior Year Encumbrances Appropriated</i>	<u>3,409.94</u>	<u>3,409.94</u>	<u>3,409.94</u>	<u>0.00</u>
<i>Unencumbered Cash Balance End of Year</i>	<u><u>\$2,492.55</u></u>	<u><u>\$2,492.42</u></u>	<u><u>\$120,690.74</u></u>	<u><u>\$118,198.32</u></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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$290,276	\$563,646	\$595,865	\$32,219
Miscellaneous	0.00	14,853.61	0.00	(14,853.61)
<i>Total receipts</i>	<u>290,275.61</u>	<u>578,499.61</u>	<u>595,865.41</u>	<u>17,365.80</u>
Disbursements				
Current:				
Security of Persons and Property	500,441.18	609,231.47	424,949.65	184,281.82
Capital Outlay	0.00	176,197.66	176,197.66	0.00
Debt Service:				
Principal Retirement	57,069.00	57,318.03	57,318.03	0.00
Interest and Fiscal Charges	13,443.52	16,430.94	16,430.94	0.00
<i>Total Disbursements</i>	<u>570,953.70</u>	<u>859,178.10</u>	<u>674,896.28</u>	<u>184,281.82</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(280,678.09)</u>	<u>(280,678.49)</u>	<u>(79,030.87)</u>	<u>201,647.62</u>
Other Financing Sources (Uses)				
<i>Net Change in Fund Balance</i>	(280,678.09)	(280,678.49)	(79,030.87)	201,647.62
<i>Unencumbered Cash Balance Beginning of Year</i>	277,754.31	277,754.31	101,556.65	0.00
Prior Year Encumbrances Appropriated	<u>12,588.48</u>	<u>12,588.48</u>	<u>188,786.14</u>	<u>0.00</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$9,664.70</u>	<u>\$9,664.30</u>	<u>\$211,311.92</u>	<u>\$201,647.62</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORTS
FAIRFIELD COUNTY**

**Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2007**

	<u>WATER OPERATING</u>	<u>SEWER OPERATING</u>	<u>WATER PLANT CONSTRUCTION</u>	<u>WATER RESERVE</u>	<u>SEWER RESERVE</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL ENTERPRISE FUNDS</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$154,593.41	\$166,215.21	\$3,267.05	\$112,704.35	\$52,263.80	\$11,272.00	\$500,315.82
<i>Total Assets</i>	<u>\$154,593.41</u>	<u>\$166,215.21</u>	<u>\$3,267.05</u>	<u>\$112,704.35</u>	<u>\$52,263.80</u>	<u>\$11,272.00</u>	<u>\$500,315.82</u>
Net Assets							
Unrestricted	154,593.41	166,215.21	3,267.05	112,704.35	52,263.80	11,272.00	500,315.82
<i>Total Net Assets</i>	<u>\$154,593.41</u>	<u>\$166,215.21</u>	<u>\$3,267.05</u>	<u>\$112,704.35</u>	<u>\$52,263.80</u>	<u>\$11,272.00</u>	<u>\$500,315.82</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 - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2007**

	WATER OPERATING	SEWER OPERATING	WATER PLANT CONSTRUCTION	WATER RESERVE	SEWER RESERVE	NON MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Operating Receipts							
Charges for Services	\$392,543.08	\$242,893.30	\$0.00	\$0.00	\$0.00	\$0.00	\$635,436.38
<i>Total Operating Receipts</i>	<u>392,543.08</u>	<u>242,893.30</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>635,436.38</u>
Operating Disbursements							
Personal Services	88,680.38	73,845.43	0.00	0.00	0.00	0.00	162,525.81
Employee Fringe Benefits	29,781.88	27,926.93	0.00	0.00	0.00	0.00	57,708.81
Contractual Services	72,829.81	65,323.29	0.00	0.00	0.00	0.00	138,153.10
Supplies and Materials	67,260.23	19,871.21	0.00	0.00	0.00	0.00	87,131.44
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Total Operating Disbursements</i>	<u>258,552.30</u>	<u>186,966.86</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>445,519.16</u>
<i>Operating Income (Loss)</i>	<u>133,990.78</u>	<u>55,926.44</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>189,917.22</u>
Non-Operating Receipts (Disbursements)							
Other Debt Proceeds	0.00	0.00	3,643,099.57	0.00	0.00	85,393.62	3,728,493.19
Miscellaneous Receipts	1,897.01	0.00	0.00	0.00	0.00	0.00	1,897.01
Capital Outlay	0.00	0.00	(3,639,832.52)	0.00	0.00	(85,393.62)	(3,725,226.14)
Principal Payments	(4,065.01)	(24,542.12)	0.00	0.00	0.00	(54,910.50)	(83,517.63)
Interest and Fiscal Charges	(1,233.58)	(12,112.16)	0.00	0.00	0.00	(42,953.64)	(56,299.38)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(3,401.58)</u>	<u>(36,654.28)</u>	<u>3,267.05</u>	<u>0.00</u>	<u>0.00</u>	<u>(97,864.14)</u>	<u>(134,652.95)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>130,589.20</u>	<u>19,272.16</u>	<u>3,267.05</u>	<u>0.00</u>	<u>0.00</u>	<u>(97,864.14)</u>	<u>55,264.27</u>
Transfers In	0.00	0.00	0.00	0.00	2,604.00	98,511.36	101,115.36
Transfers Out	(72,478.92)	(28,636.44)	0.00	0.00	0.00	0.00	(101,115.36)
<i>Change in Net Assets</i>	<u>58,110.28</u>	<u>(9,364.28)</u>	<u>3,267.05</u>	<u>0.00</u>	<u>2,604.00</u>	<u>647.22</u>	<u>55,264.27</u>
<i>Net Assets Beginning of Year</i>	<u>96,483.13</u>	<u>175,579.49</u>	<u>0.00</u>	<u>112,704.35</u>	<u>49,659.80</u>	<u>10,624.78</u>	<u>445,051.55</u>
<i>Net Assets End of Year</i>	<u>\$154,593.41</u>	<u>\$166,215.21</u>	<u>\$3,267.05</u>	<u>\$112,704.35</u>	<u>\$52,263.80</u>	<u>\$11,272.00</u>	<u>\$500,315.82</u>

See accompanying notes to the basic financial statements

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2007

	<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>
Net Assets	
Restricted for:	
Other Purposes	<u>1,102.82</u>
<i>Total Net Assets</i>	<u><u>\$1,102.82</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**Statement of Net Assets - Cash Basis
December 31, 2006**

	Governmental Activities	Business - Type Activities	Total
Assets			
Cash	\$451,782.24	\$445,051.55	\$896,833.79
<i>Total Assets</i>	<u>\$451,782.24</u>	<u>\$445,051.55</u>	<u>\$896,833.79</u>
Net Assets			
Restricted for:			
Capital Projects	\$503.00	\$0.00	\$503.00
Debt Service	0.00	0.00	0.00
Other Purposes	386,513.88	0.00	386,513.88
Unrestricted	64,765.36	445,051.55	509,816.91
<i>Total Net Assets</i>	<u>\$451,782.24</u>	<u>\$445,051.55</u>	<u>\$896,833.79</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORTS
FAIRFIELD COUNTY**

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2006**

	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	\$248,919.83	\$278,683.80	\$11,750.00	\$41,513.97	\$0.00	\$41,513.97
Public Health Services	4,198.84	0.00	0.00	(4,198.84)	0.00	(4,198.84)
Leisure Time Activities	40,073.31	28,479.03	0.00	(11,594.28)	0.00	(11,594.28)
Community Environment	192.60	11,175.00	554.10	11,536.50	0.00	11,536.50
Transportation	168,837.43	0.00	47,674.64	(121,162.79)	0.00	(121,162.79)
General Government	69,961.24	125.00	0.00	(69,836.24)	0.00	(69,836.24)
Capital Outlay	2,588.22	0.00	0.00	(2,588.22)	0.00	(2,588.22)
Debt Service:						
Principal	36,539.40	0.00	0.00	(36,539.40)	0.00	(36,539.40)
Interest	12,032.37	0.00	0.00	(12,032.37)	0.00	(12,032.37)
<i>Total Governmental Activities</i>	<u>583,343.24</u>	<u>318,462.83</u>	<u>59,978.74</u>	<u>(204,901.67)</u>	<u>0.00</u>	<u>(204,901.67)</u>
Business Type Activities						
Water Operating	296,248.32	405,555.88	0.00	0.00	109,307.56	109,307.56
Sewer	212,351.97	246,063.89	0.00	0.00	33,711.92	33,711.92
Water System Expansion	154,503.00	0.00	0.00	0.00	(154,503.00)	(154,503.00)
Water Bond Debt	67,923.00	0.00	0.00	0.00	(67,923.00)	(67,923.00)
Sewer Debt	25,585.34	0.00	0.00	0.00	(25,585.34)	(25,585.34)
Water Tower Debt	20,346.98	0.00	0.00	0.00	(20,346.98)	(20,346.98)
<i>Total Business Type Activities</i>	<u>776,958.61</u>	<u>651,619.77</u>	<u>0.00</u>	<u>0.00</u>	<u>(125,338.84)</u>	<u>(125,338.84)</u>
<i>Total Primary Government</i>	<u>\$1,360,301.85</u>	<u>\$970,082.60</u>	<u>\$59,978.74</u>	<u>(\$204,901.67)</u>	<u>(\$125,338.84)</u>	<u>(\$330,240.51)</u>
General Receipts						
Property Taxes						
Levied for General Purposes				\$87,775.02	\$0.00	\$87,775.02
Levied for Street Maintenance				68,624.39	0.00	68,624.39
Other Taxes				363.07	0.00	363.07
Grants and Entitlements not Restricted to Specific Programs				37,981.82	0.00	37,981.82
Other Debt Proceeds				160,000.00	153,303.00	313,303.00
Earnings on Investments				21,205.77	0.00	21,205.77
Miscellaneous				8,949.65	2,836.07	11,785.72
<i>Total General Receipts</i>				<u>384,899.72</u>	<u>156,139.07</u>	<u>541,038.79</u>
Change in Net Assets				179,998.05	30,800.23	210,798.28
<i>Net Assets Beginning of Year</i>				<u>271,784.19</u>	<u>414,251.32</u>	<u>686,035.51</u>
<i>Net Assets End of Year</i>				<u>\$451,782.24</u>	<u>\$445,051.55</u>	<u>\$896,833.79</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006**

	GENERAL	FIRE	STREET LEVY	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$64,765.36	\$290,342.79	\$34,930.77	\$61,743.32	\$451,782.24
<i>Total Assets</i>	<u>\$64,765.36</u>	<u>\$290,342.79</u>	<u>\$34,930.77</u>	<u>\$61,743.32</u>	<u>\$451,782.24</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$3,409.94	\$188,786.14	\$0.00	\$1,788.68	\$193,984.76
Unreserved:					
Undesignated, Reported in:					
General Fund	61,355.42	0.00	0.00	0.00	61,355.42
Special Revenue Funds	0.00	101,556.65	34,930.77	59,451.64	195,939.06
Capital Projects Funds	0.00	0.00	0.00	503.00	503.00
<i>Total Fund Balances</i>	<u>\$64,765.36</u>	<u>\$290,342.79</u>	<u>\$34,930.77</u>	<u>\$61,743.32</u>	<u>\$451,782.24</u>

See accompanying notes to the basic financial statements

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006**

	GENERAL	FIRE	STREET LEVY	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Property and Other Local Taxes	\$87,775.02	\$0.00	\$68,624.39	\$0.00	\$156,399.41
Intergovernmental	31,091.04	11,750.00	7,253.85	47,674.64	97,769.53
Charges for Services	0.00	288,683.80	0.00	28,479.03	317,162.83
Fines, Licenses and Permits	1,300.00	0.00	0.00	0.00	1,300.00
Earnings on Investments	19,728.90	0.00	0.00	1,476.87	21,205.77
Miscellaneous	4,401.19	88.46	0.00	5,014.10	9,503.75
Total Receipts	144,296.15	300,522.26	75,878.24	82,644.64	603,341.29
Disbursements					
Current:					
Security of Persons and Property	31,065.48	217,854.35	0.00	0.00	248,919.83
Public Health Services	4,198.84	0.00	0.00	0.00	4,198.84
Leisure Time Activities	0.00	0.00	0.00	40,073.31	40,073.31
Community Environment	192.60	0.00	0.00	0.00	192.60
Transportation	0.00	0.00	114,318.54	54,518.89	168,837.43
General Government	69,746.85	0.00	0.00	214.39	69,961.24
Capital Outlay	0.00	0.00	0.00	2,588.22	2,588.22
Debt Service:					
Principal Retirement	4,937.54	27,436.44	4,165.42	0.00	36,539.40
Interest and Fiscal Charges	1,716.82	8,550.87	1,764.68	0.00	12,032.37
Total Disbursements	111,858.13	253,841.66	120,248.64	97,394.81	583,343.24
Excess of Receipts Over (Under) Disbursements	32,438.02	46,680.60	(44,370.40)	(14,750.17)	19,998.05
Other Financing Sources (Uses)					
Other Debt Proceeds	0.00	160,000.00	0.00	0.00	160,000.00
Transfers In	0.00	0.00	0.00	7,000.00	7,000.00
Transfers Out	(7,000.00)	0.00	0.00	0.00	(7,000.00)
Advances In	0.00	0.00	25,000.00	0.00	25,000.00
Advances Out	(25,000.00)	0.00	0.00	0.00	(25,000.00)
Total Other Financing Sources (Uses)	(32,000.00)	160,000.00	25,000.00	7,000.00	160,000.00
Net Change in Fund Balances	438.02	206,680.60	(19,370.40)	(7,750.17)	179,998.05
Fund Balances Beginning of Year	64,327.34	83,662.19	54,301.17	69,493.49	271,784.19
Fund Balances End of Year	\$64,765.36	\$290,342.79	\$34,930.77	\$61,743.32	\$451,782.24

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, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$80,000.00	\$80,000.00	\$87,775.02	\$7,775.02
Intergovernmental	33,500.00	33,500.00	31,091.04	(2,408.96)
Fines, Licenses and Permits	2,000.00	2,000.00	1,300.00	(700.00)
Earnings on Investments	6,000.00	6,000.00	19,728.90	13,728.90
Miscellaneous	3,000.00	3,000.00	4,401.19	1,401.19
<i>Total receipts</i>	<u>124,500.00</u>	<u>124,500.00</u>	<u>144,296.15</u>	<u>19,796.15</u>
Disbursements				
Current:				
Security of Persons and Property	31,944.25	31,944.25	31,737.48	206.77
Public Health Services	4,198.84	4,198.84	4,198.84	0.00
Community Environment	192.60	192.60	192.60	0.00
General Government	81,293.45	81,293.45	72,484.79	8,808.66
Capital Outlay	28,142.01	28,142.01	0.00	28,142.01
Debt Service:				
Principal Retirement	4,937.54	4,937.54	4,937.54	0.00
Interest and Fiscal Charges	1,716.82	1,716.82	1,716.82	0.00
<i>Total Disbursements</i>	<u>152,425.51</u>	<u>152,425.51</u>	<u>115,268.07</u>	<u>37,157.44</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,925.51)</u>	<u>(27,925.51)</u>	<u>29,028.08</u>	<u>56,953.59</u>
Other Financing Sources (Uses)				
Transfers Out	(7,000.00)	(7,000.00)	(7,000.00)	0.00
Advances Out	(25,000.00)	(25,000.00)	(25,000.00)	0.00
Other Financing Sources	0.00	0.00	0.00	0.00
Other Financing Uses	(5,233.83)	(5,233.83)	0.00	5,233.83
<i>Total Other Financing Sources (Uses)</i>	<u>(37,233.83)</u>	<u>(37,233.83)</u>	<u>(32,000.00)</u>	<u>5,233.83</u>
<i>Net Change in Fund Balance</i>	(65,159.34)	(65,159.34)	(2,971.92)	62,187.42
<i>Fund Balance Beginning of Year</i>	64,184.00	64,184.00	64,184.00	0.00
Prior Year Encumbrances Appropriated	143.34	143.34	143.34	0.00
<i>Fund Balance End of Year</i>	<u>(\$832.00)</u>	<u>(\$832.00)</u>	<u>\$61,355.42</u>	<u>\$62,187.42</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, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$0.00	\$0.00	\$0.00	\$0.00
Intergovernmental	0.00	0.00	11,750.00	11,750.00
Charges for Services	267,400.00	427,400.00	288,683.80	(138,716.20)
Miscellaneous	10,000.00	10,000.00	88.46	(9,911.54)
<i>Total receipts</i>	<u>277,400.00</u>	<u>437,400.00</u>	<u>300,522.26</u>	<u>(136,877.74)</u>
Disbursements				
Current:				
Security of Persons and Property	296,924.00	429,924.00	406,640.49	23,283.51
Capital Outlay	56,567.88	56,576.88	0.00	56,576.88
Debt Service:				
Principal Retirement	27,457.20	27,457.20	27,436.44	20.76
Interest and Fiscal Charges	8,550.87	8,550.87	8,550.87	0.00
<i>Total Disbursements</i>	<u>389,499.95</u>	<u>522,508.95</u>	<u>442,627.80</u>	<u>79,881.15</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(112,099.95)</u>	<u>(85,108.95)</u>	<u>(142,105.54)</u>	<u>(56,996.59)</u>
<i>Net Change in Fund Balance</i>	(112,099.95)	(85,108.95)	17,894.46	103,003.41
<i>Fund Balance Beginning of Year</i>	82,185.19	82,185.19	82,185.19	0.00
Prior Year Encumbrances Appropriated	1,477.00	1,477.00	1,477.00	0.00
<i>Fund Balance End of Year</i>	<u>(\$28,437.76)</u>	<u>(\$1,446.76)</u>	<u>\$101,556.65</u>	<u>\$103,003.41</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, 2006*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$64,000.00	\$64,000.00	\$68,624.39	\$4,624.39
Intergovernmental	8,000.00	8,000.00	7,253.85	(746.15)
<i>Total receipts</i>	<u>72,000.00</u>	<u>72,000.00</u>	<u>75,878.24</u>	<u>3,878.24</u>
Disbursements				
Current:				
Transportation	105,230.00	105,230.00	114,318.54	(9,088.54)
Debt Service:				
Principal Retirement	4,165.42	4,165.42	4,165.42	0.00
Interest and Fiscal Charges	1,764.68	1,764.68	1,764.68	0.00
<i>Total Disbursements</i>	<u>111,160.10</u>	<u>111,160.10</u>	<u>120,248.64</u>	<u>(9,088.54)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(39,160.10)</u>	<u>(39,160.10)</u>	<u>(44,370.40)</u>	<u>(5,210.30)</u>
Other Financing Sources (Uses)				
Advances In	0.00	25,000.00	25,000.00	0.00
<i>Total Other Financing Sources (Uses)</i>	<u>0.00</u>	<u>25,000.00</u>	<u>25,000.00</u>	<u>0.00</u>
<i>Net Change in Fund Balance</i>	(39,160.10)	(14,160.10)	(19,370.40)	(5,210.30)
<i>Fund Balance Beginning of Year</i>	54,301.17	54,301.17	54,301.17	0.00
Prior Year Encumbrances Appropriated	0.00	0.00	0.00	0.00
<i>Fund Balance End of Year</i>	<u>\$15,141.07</u>	<u>\$40,141.07</u>	<u>\$34,930.77</u>	<u>(\$5,210.30)</u>

See accompanying notes to the basic financial statements

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2006

	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	\$96,483.13	\$175,579.49	\$2,415.50	\$112,704.35	\$49,659.80	\$8,209.28	\$445,051.55
<i>Total Assets</i>	<u>\$96,483.13</u>	<u>\$175,579.49</u>	<u>\$2,415.50</u>	<u>\$112,704.35</u>	<u>\$49,659.80</u>	<u>\$8,209.28</u>	<u>\$445,051.55</u>
Net Assets							
Unrestricted	96,483.13	175,579.49	2,415.50	112,704.35	49,659.80	8,209.28	445,051.55
<i>Total Net Assets</i>	<u>\$96,483.13</u>	<u>\$175,579.49</u>	<u>\$2,415.50</u>	<u>\$112,704.35</u>	<u>\$49,659.80</u>	<u>\$8,209.28</u>	<u>\$445,051.55</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 - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2006**

	WATER OPERATING	SEWER OPERATING	WATER SYSTEM EXPANSION	WATER RESERVE	SEWER RESERVE	NON-MAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Operating Receipts							
Charges for Services	\$405,555.88	\$246,063.89	\$0.00	\$0.00	\$0.00	\$0.00	\$651,619.77
<i>Total Operating Receipts</i>	<u>405,555.88</u>	<u>246,063.89</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>651,619.77</u>
Operating Disbursements							
Personal Services	81,924.53	66,695.49	0.00	0.00	0.00	0.00	148,620.02
Employee Fringe Benefits	22,592.71	20,061.82	0.00	0.00	0.00	0.00	42,654.53
Contractual Services	68,904.12	60,192.31	0.00	0.00	0.00	0.00	129,096.43
Supplies and Materials	112,865.86	21,298.07	0.00	0.00	0.00	0.00	134,163.93
<i>Total Operating Disbursements</i>	<u>286,287.22</u>	<u>168,247.69</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>454,534.91</u>
<i>Operating Income (Loss)</i>	<u>119,268.66</u>	<u>77,816.20</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>197,084.86</u>
Non-Operating Receipts (Disbursements)							
Other Debt Proceeds	0.00	0.00	153,303.00	0.00	0.00	0.00	153,303.00
Miscellaneous Receipts	2,836.46	0.00	0.00	0.00	0.00	0.00	2,836.46
Capital Outlay	(4,662.51)	(7,450.00)	(154,503.00)	0.00	0.00	0.00	(166,615.51)
Principal Payments	(5,298.59)	(24,110.09)	0.00	0.00	0.00	(67,734.58)	(97,143.26)
Interest and Fiscal Charges	0.00	(12,544.19)	0.00	0.00	0.00	(46,121.13)	(58,665.32)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(7,124.64)</u>	<u>(44,104.28)</u>	<u>(1,200.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>(113,855.71)</u>	<u>(166,284.63)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>112,144.02</u>	<u>33,711.92</u>	<u>(1,200.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>(113,855.71)</u>	<u>30,800.23</u>
Transfers In	0.00	0.00	0.00	0.00	2,604.00	120,422.88	123,026.88
Transfers Out	(92,694.58)	(30,332.30)	0.00	0.00	0.00	0.00	(123,026.88)
<i>Change in Net Assets</i>	<u>19,449.44</u>	<u>3,379.62</u>	<u>(1,200.00)</u>	<u>0.00</u>	<u>2,604.00</u>	<u>6,567.17</u>	<u>30,800.23</u>
<i>Net Assets Beginning of Year</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>
<i>Net Assets End of Year</i>	<u>\$96,483.13</u>	<u>\$175,579.49</u>	<u>\$2,415.50</u>	<u>\$112,704.35</u>	<u>\$49,659.80</u>	<u>\$8,209.28</u>	<u>\$445,051.55</u>

See accompanying notes to the basic financial statements

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2006

	<u>Agency</u>
Assets	
Cash	\$1,102.82
<i>Total Assets</i>	<u>\$1,102.82</u>
Net Assets	
Restricted for:	
Other Purposes	<u>1,102.82</u>
<i>Total Net Assets</i>	<u>\$1,102.82</u>

See accompanying notes to the basic financial statements

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**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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, serves as the President of Council 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 services. The Village appropriates general fund money to support a volunteer fire department.

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 of Millersport has no component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

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 cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

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

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This 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 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 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.

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 activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. 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 balances, 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 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.

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

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 proprietary 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.

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, and the Street Levy Fund (2006). 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 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.

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 the water and sewer funds.

Water Operating Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Operating Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Water System Expansion Fund (FY06) – This fund accounts for debt proceeds and expenditures for water system expansion project.

Water Plant Construction Fund (FY07) – This fund accounts for debt proceeds and expenditures for the water plant construction 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.

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this 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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, 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, department, and object 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. 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.

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.

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

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, respectively.

During 2007 and 2006 the Village invested in certificates of deposit of Commodore Bank and STAR Ohio

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 and 2006 was \$22,408.57 and \$19,728.90, respectively. \$475.32 and \$1,476.87 of interest was assigned to other funds in 2007 and 2006 respectively.

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.

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 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

The Village's 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 \$638.59 in 2007 and \$503.00 in 2006. Net assets restricted for other purposes in 2007 and 2006 include the fund balances of restricted funds in the amount of \$312,866.34 and \$386,513.88 respectively.

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 in the General fund totaled \$1,345.53 in 2007 and \$3,409.94 in 2006, \$7,107.43 and \$188,786.14 in 2007 and 2006 respectively in the Fire Fund, and \$1,159.44 and \$1,788.68 in 2007 and 2006 respectively in the Other Governmental Funds. 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 – 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, and Street Levy Fund 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 cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at December 31, 2007 (budgetary basis) amounted to \$3,410 for the General Fund, \$12,588 for the Fire Fund, \$4,407 for the Water Operating Fund, and \$4,973 for the Sewer Operating Fund. The encumbrances outstanding at December 31, 2006 (budgetary basis) amounted to \$143 for the General Fund, \$1,477 for the Fire Fund, \$2,537 for the Water Operating Fund, and \$24 for the Sewer Fund.

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 4 – 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.

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.

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 4 - Deposits and Investments (continued)

Deposits

The Village has no 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, 2007, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Certificate of Deposit-17160	\$5,000	9/19/08
Certificate of Deposit-16548	\$20,000	5/25/08
Certificate of Deposit-16542	\$5,000	5/23/08
Certificate of Deposit-16780	\$25,151.82	7/02/08
STAR Ohio	\$349,543.28	Continuous
Total Portfolio	<u>\$404,695.10</u>	

As of December 31, 2006, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Certificate of Deposit-14710	\$5,000	1/14/07
Certificate of Deposit-15221	\$5,000	7/21/07
Certificate of Deposit-15222	\$20,000	7/25/07
Certificate of Deposit-15364	\$25,151.82	9/02/07
STAR Ohio	\$332,379.33	Continuous
Total Portfolio	<u>\$387,531.15</u>	

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 U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. 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."

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$11.90 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	<u>2007</u>
Agricultural	\$216,080
Residential	\$16,464,940
Commercial	\$4,846,410
Public Utility	
Real	\$0
Personal	\$425,400
Tangible Personal Property	\$112,030
Tax Exempt	\$3,779,030
Total Assessed Value	\$25,843,890

The full tax rate for all Village operations for the year ended December 31, 2006, was \$11.90 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 5 – Property Taxes (continued)

Real Property	<u>2006</u>
Agricultural	\$253,550
Residential	\$13,958,790
Commercial	\$4,126,160
Industrial	\$385,400
Public Utility	
Real	\$0
Personal	\$437,440
Tangible Personal Property	\$162,685
Tangible Personal Exempt	\$87,224
Tax Exempt	\$2,713,760
Total Assessed Value	\$22,125,009

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 6 – 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.

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

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, 2006 and 2005 (the latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$2,331,284	\$ 2,241,661
Liabilities	<u>(3,130,475)</u>	<u>(3,457,720)</u>
Accumulated deficit	<u>(\$799,191)</u>	<u>(\$1,216,059)</u>

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 7 – Defined Benefit Pension Plans

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. 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) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2007 and December 31, 2006, members in state and local classifications contributed 9.5 percent and 9 percent respectively of covered payroll. The Village's contribution rate for pension benefits for 2007 was 13.85 percent and for 2006 was 13.7 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$33,359, \$29,790 and \$45,153 respectively. The amount of \$2,424 and \$ 3,922 owed for 2007 and 2006 respectively.

Note 8 - Postemployment Benefits

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85% percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5% percent of covered payroll from January 1 through June 30, 2007, and 6% percent from July 1 to December 31, 2007. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5% percent of covered payroll from January 1 through June 30, 2006, and 6% percent from July 1 to December 31, 2006.

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 8 - Postemployment Benefits (continued)

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007 and 2006 were \$12,042 and \$11,959 respectively. The full amount has been contributed for 2007 and 2006.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 9 – Debt

The Village's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest	Balance			Balance	
	Rate	January 1,	Additions	Reductions	December 31,	Due Within
<u>Governmental Activities</u>		<u>2007</u>			<u>2007</u>	<u>One Year</u>
1999 Building Loan	6.55%	\$ 20,015	\$ 0	\$ 5,266	\$ 14,749	\$ 5,614
2004 Fire Truck Loan	4.75%	151,972	0	57,318	94,654	1,576
2004 OPWC CT80F	2.00%	85,109	0	4,207	80,902	4292
2005 OPWC CQ21G		<u>47,994</u>	<u>0</u>	<u>0</u>	<u>47,994</u>	<u>0</u>
Total Governmental Activities		<u>305,090</u>	<u>0</u>	<u>66,791</u>	<u>238,299</u>	<u>11,482</u>
 <u>Business-type Activities</u>						
1981 USDA Water Bond 91-02	5.00%	440,000	0	25,000	415,000	26,000
1986 USDA Water Bond 91-03	7.375%	63,000	0	1,900	61,100	2,100
1987 OWDA 2805	2.00%	58,679	0	10,203	48,476	10,304
1987 OWDA 1751	7.65%	63,768	0	9,778	53,990	10,137
1996 OWDA 2050	6.04%	163,567	0	7,302	156,265	7,516
1998 OWDA 2051	5.66%	14,077	0	728	13,349	748
2000 OPWC CT61C	2.00%	174,451	0	10,080	164,371	10,181
2002 OWDA 3504	1.50%	183,081	0	6,235	176,846	6,281
2002 OWDA 3401	3.64%	89,619	0	4,876	84,743	4,964
2003 OWDA 3983	2.00%	122,137	0	3,451	118,686	3,486
2005 OWDA 3701	5.64%	278,703	85,394	0	364,097	0
2006 OWDA 4598	3.82%	153,303	3,185,443	0	3,338,746	0
2007 OPWC CT42J	0%	<u>-</u>	<u>457,656</u>	<u>0</u>	<u>457,656</u>	<u>0</u>
Total Business Type Activities		<u>1,804,385</u>	<u>3,728,493</u>	<u>79,553</u>	<u>5,453,325</u>	<u>81,717</u>
Total		<u>\$2,109,475</u>	<u>\$3,728,493</u>	<u>\$ 146,386</u>	<u>\$ 5,691,582</u>	<u>\$ 93,199</u>

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 9 – Debt (continued)

The Village's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest	Balance			Balance		Due Within
	Rate	January 1,	Additions	Reductions	December 31,	One Year	
<u>Governmental Activities</u>		<u>2006</u>			<u>2006</u>		
1999 Building Loan	6.55%	\$ 24,952	0	\$ 4,937	\$ 20,015	\$ 5,266	
2004 Fire Truck Loan	4.75%	179,432	0	27,460	151,972	28,764	
2004 OPWC CT80F	2.00%	89,274	0	4,165	85,109	4,207	
2005 OPWC CQ21G		<u>47,994</u>	<u>0</u>	<u>0</u>	<u>47,994</u>	<u>0</u>	
Total Governmental Activities		<u>341,652</u>	<u>0</u>	<u>36,562</u>	<u>305,090</u>	<u>38,237</u>	
 <u>Business-type Activities</u>							
1968 USDA Water Bond 91-01	4.00%	13,600	0	13,600	0	0	
1981 USDA Water Bond 91-02	5.00%	464,000	0	24,000	440,000	25,000	
1986 USDA Water Bond 91-03	7.375%	64,800	0	1,800	63,000	1,900	
1987 OWDA 2805	2.00%	68,682	0	10,003	58,679	10,102	
1987 OWDA 1751	7.65%	72,877	0	9,109	63,768	9,417	
1996 OWDA 2050	6.04%	170,453	0	6,886	163,567	7,088	
1998 OWDA 2051	5.66%	16,382	0	2,305	14,077	707	
2000 OPWC CT61C	2.00%	184,332	0	9,881	174,451	10,181	
2002 OWDA 3504	1.50%	189,224	0	6,143	183,081	6,188	
2002 OWDA 3401	3.64%	94,322	0	4,703	89,619	4,788	
2003 OWDA 3983	2.00%	125,520	0	3,383	122,137	3,417	
2005 OWDA 3701	5.64%	278,703	0	0	278,703	0	
2006 OWDA 4598	3.82%	<u>0</u>	<u>153,303</u>	<u>0</u>	<u>153,303</u>	<u>0</u>	
Total Business Type Activities		<u>1,742,895</u>	<u>153,303</u>	<u>91,813</u>	<u>1,804,385</u>	<u>78,788</u>	
Total		<u>\$ 2,084,547</u>	<u>\$153,303</u>	<u>\$ 128,375</u>	<u>\$ 2,109,475</u>	<u>\$ 117,025</u>	

The 2006 Ohio Water Development Authority (OWDA) loan relates to a new water treatment plant. The 2005 Ohio Water Development Authority (OWDA) loan relates to 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 a 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 27 years.

The 2007 Ohio Public Works Commission (OPWC) loan relates to the water treatment plant replacement project. 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 was repaid and closed in 2006.

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 9 – Debt (continued)

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

The 2004 fire truck loan is for the purchase of a fire truck. It will be repaid to Commodore Bank in 2011. The 1999 loan is for building improvements. The loan will be repaid to Commodore Bank in 2010.

The 2005 and 2006 OWDA loans and the 2005 and 2007 OPWC loans 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
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	15,363	4,086	49,227	18,640	31,400	22,289	28,550	1,356
2012	15,672	3,777	51,411	16,483	32,700	20,662	-	-
2013-2017	83,214	13,493	149,279	59,895	192,500	75,858	-	-
2018-2022	85,160	5,327	158,681	27,644	150,300	22,751	-	-
2023-2027	8,724	175	64,957	9,220	11,900	1,335	-	-
2028-2032	-	-	61,666	3,552	-	-	-	-
2033-2037	-	-	8,643	173	-	-	-	-
Totals	\$252,430	\$40,910	\$679,753	\$203,321	\$503,000	\$218,599	\$138,051	\$16,047

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, 2007, were an overall debt margin of \$1,421,414 and an unvoted debt margin of \$2,713,608. The effects of the debt limitations at December 31, 2006, were an overall debt margin of \$1,216,875 and an unvoted debt margin of \$2,323,126.

**VILLAGE OF MILLERSPORT
FARIFIELD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

Note 10 – Interfund Transfers

During 2007 the following transfers were made:

Transferred from:		Transferred to:				Total
		Water Bond Debt	Water Tower Debt	Sewer Debt	Sewer Reserve	
Water Operating	\$72,479	\$53,779	\$18,700	\$0	\$0	\$72,479
Sewer Operating	\$28,636	0	0	\$26,032	\$2,604	\$28,636
Total	\$101,115	\$53,779	\$18,700	\$26,032	\$2,604	\$101,115

During 2006 the following transfers were made:

Transferred from:		Transferred to:					Total
		Water Bond Debt	Water Tower Debt	Sewer Debt	Sewer Reserve	Swimming Pool	
General	\$7,000	\$0	\$0	\$0	\$0	\$7,000	\$7,000
Water Operating	92,695	72,405	20,290	0	0	0	92,695
Sewer Operating	30,332	0	0	27,728	2,604	0	30,332
Total	\$130,027	\$72,405	\$20,290	\$27,728	\$2,604	\$7,000	\$130,027

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 11 – 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 6 for more detail.

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(Continued)

Note 12 – Related Organizations

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.

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 13 – Noncompliance

The Village did not always certify the availability of funds prior to the purchase commitment, and they had expenditures exceed appropriations in various funds. In addition, supplemental appropriations posted to the accounting system did not always agree to what was approved by Village Council.



Mary Taylor, CPA

Auditor of State

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

Village of Millersport
Fairfield County
2245 Refugee Street
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) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 1, 2008 wherein we qualified our opinion due to insufficient evidence to support swimming pool charges for services in the aggregate remaining fund information. 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. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding numbers 2007-001 and 2007-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated December 1, 2008.

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 matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-003 through 2007-006.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 1, 2008.

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

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



Mary Taylor, CPA
Auditor of State

December 1, 2008

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Swimming Pool Receipts – Material Weakness/Significant Deficiency

Sound and reliable record keeping is the responsibility of the Fiscal Officer and the Village Council and is essential to ensure that money collected is properly accounted for and accurate, and to reduce the risk of fraud.

The following problems were noted with the Village's Swimming Pool receipts:

- The Village did not have established procedures for collecting and reconciling swimming pool receipts.
- There were 7 instances in which the Village did not maintain adequate support for swimming pool receipt activity
- The Village did not maintain inventory records for concession stand sales, and did not have any consistent method to track sales (i.e. no working cash register on site).
- The fee charged for admission to the pool was increased during Fiscal Year 2007, but the Village Council did not pass a resolution to increase the rate.
- There were 10 instances in which the Village did not charge the correct fee for admission or membership to the pool.
- The Village did not include dates on membership applications; therefore it is unclear as to what fee should have been charged for admission to the pool.
- The Village does not have procedures in place to reconcile Daily Admissions Records with the Daily Report (Pay-In form). There were 7 instances in which the Daily Report did not agree to the deposit slip/Revenue Ledger.

The lack of documentation lead to an inability to obtain sufficient evidence to support the completeness of the swimming pool charges for services receipts comprising \$21,866 (57%) in 2007, and \$13,759 (49%) in 2006 of the aggregate remaining fund information receipts, nor were we able to satisfy ourselves as to the swimming pool charges for services by other auditing procedures. These weaknesses could also result in errors in swimming pool receipts or theft without timely detection by management.

The Village should establish procedures and policies to be used in collecting swimming pool receipt activity, including a description of the fees charged and reconciliation of cash collected with attendance, memberships, and 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. All membership applications need to include the date, type of membership, and amount charged/collected.

Officials' Response:

We are purchasing cash register to help with daily admissions; another register is to be used only for concessions. The register for concessions will aid with the tracking of inventory.

We are in the process of drafting resolutions to handle memberships, daily fees and the hours of operation.

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)

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

FINDING NUMBER 2007-002

Significant Deficiency/Material Weakness – Financial Statements

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

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

2007

- The receipt of OPWC and OWDA loans were originally recorded as intergovernmental receipts and not debt proceeds (\$206,314 & \$85,394 respectively)
- A portion of an OPWC loan went unrecorded (\$384,139)
- An OWDA loan went unrecorded (\$3,052,746)
- Interest receipts were posted to the incorrect fund (\$269)
- Charges for services were incorrectly posted to the wrong fund (\$3,819)
- Several amounts posted as the original and final budget were incorrect. These amounts ranged from \$1,948 to \$375,950.

2006

- Several items were incorrectly recorded as miscellaneous receipts (\$181,750)
- The receipt of an OWDA loan was recorded as intergovernmental receipts and not debt proceeds (\$153,303)
- The Village incorrectly recorded a reimbursement from a vendor as a revenue rather than a negative expenditure (\$16,947)
- Several encumbrances at year end were left unrecorded (\$176,198)
- A fund balance adjustment from the prior year audit was posted to the wrong fund (\$15,141)
- Several amounts posted as the original and final budget were incorrect. These amounts ranged from \$1,420 to \$1,803,645

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

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

Officials' Response:

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

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-003

Posting Financial Activity to the Proper Fund – Material Noncompliance

Ohio Rev. Code Section 5705.10(D) 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.

As noted in Finding 002, the Fiscal Officer improperly posted the following:

Year/ Transaction Type	Incorrectly posted to:	Should have been posted to:	Amount
<i>2007</i>			
Interest	Street Construction	General	\$ 269
Charges for Services	Sewer Operating	Water Operating	3,819

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 in the correct fund.

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

Officials' Response:

The Fiscal Officer and the assistant are checking each other's posting, providing a system of checks and balances.

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)

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

FINDING NUMBER 2007-004

Certification of Funds – Material Noncompliance

Ohio Rev. Code Section 5705.41(D)(1) 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" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village's fiscal officer can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

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

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

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

The Village did not properly certify the availability of funds prior to the purchase commitment for 58% of the expenditures tested in 2007 and 34% of the expenditures tested in 2006. 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.

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

VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)

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

FINDING NUMBER 2007-004 (continued)

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

Officials' Response:

The Fiscal Officer is using blanket certificates for hardware purchases, utilities and certain vendors that provide the village with monthly services.

FINDING NUMBER 2007-005

Supplemental Appropriations – 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, 2007 and 2006, appropriations in the accounting system did not agree to what was approved by Council as follows:

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-005 (continued)

2007

Fund	Amount in System	Approved Amount	Variance
General	\$192,780	\$194,728	\$(1,948)
Street Construction	55,627	58,627	(3,000)
Swimming Pool	40,621	51,421	(10,800)
Fire	859,178	869,703	(18,849)
Water Operating	381,403	393,406	(12,003)
Water System Expan.	80,000	85,394	(5,394)
Water Bond Debt	72,405	67,923	4,482
Sewer Debt	28,202	26,032	2,169
Water Tower Debt	22,483	18,700	3,784
Water Revenue	375,950	390,919	(14,969)

2006

Fund	Amount in System	Approved Amount	Variance
General	\$189,601	\$164,601	\$(58)
Swimming Pool	37,207	44,207	(7,000)
Fire	522,509	362,509	160,000
Street Levy	111,160	136,160	(25,000)
Water Operating	345,394	350,692	(5,299)
Sewer	424,001	428,301	(4,300)
Water System Expan.	1,805,435	1,803,645	1,791
Sewer Debt	26,059	27,478	(1,420)
Water Tower Debt	20,316	20,347	(31)
Water Revenue	365,000	409,408	(44,408)

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

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 and the Finance Committee are being included in the review of the appropriations that are entered into the system. Also, monthly reports are being provided to council.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-006

Expenditures Exceed Appropriations – Material Noncompliance

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

During the audit period, the following funds had expenditures plus outstanding encumbrances exceeding appropriations:

FY 2007

Fund	Appropriations	Expenditures plus Encumbrances	Variance
Street Construction	\$55,627	\$57,783	(\$2,157)
Swimming Pool	40,621	49,606	(8,984)
Water System Expansion	80,000	85,394	(5,394)

FY 2006

Fund	Appropriations	Expenditures plus Encumbrances	Variance
Street Levy	\$111,160	\$119,124	(\$7,964)
Water Tower Debt	20,316	20,347	(31)

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. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations.

Officials' Response:

We have included a better method of calculating the amount of revenues received from water, sewer and pool receipts. Also, the appointment of a full time Fiscal Officer will help ensure the correct appropriations.

**VILLAGE OF MILLERSPORT
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Swimming Pool Receipts	No	Not Corrected. Reissued as Finding 2007-001
2005-002	Posting Receipts	No	Not Corrected. Reissued as Finding 2007-002
2005-003	ORC 5705.10 – Posting Financial Activity to the Proper Fund	No	Not Corrected. Reissued as Finding 2007-003
2005-004	ORC 5705.41 (D) – Certification of Funds	No	Not Corrected. Reissued as Finding 2007-004
2005-005	ORC 5705.40 – Supplemental Appropriations	No	Not corrected. Reissued as Finding 2007-005
2005-006	ORC 5705.41 (B) – Expenditures Exceed Appropriations	No	Not corrected. Reissued as Finding 2007-006



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
FEBRUARY 19, 2009**