



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF MILLVILLE
BUTLER COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Millville, Butler County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Millville, Butler County, Ohio, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

August 31, 2001

**VILLAGE OF MILLVILLE
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$16,614		\$16,614
Intergovernmental Receipts	35,705	14,718	50,423
Charges for Services	13,500		13,500
Fines, Licenses, and Permits	3,390		3,390
Earnings on Investments	3,652	1,582	5,234
Miscellaneous	3,313		3,313
	<u>76,174</u>	<u>16,300</u>	<u>92,474</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	53,289		53,289
Public Health Services	306		306
Transportation		6,509	6,509
General Government	29,637		29,637
	<u>83,232</u>	<u>6,509</u>	<u>89,741</u>
Total Receipts Over/(Under) Disbursements	<u>(7,058)</u>	<u>9,791</u>	<u>2,733</u>
Other Financing Receipts/(Disbursements):			
Other Financing Sources	5,589		5,589
	<u>5,589</u>	<u>0</u>	<u>5,589</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,469)	9,791	8,322
Fund cash balances, January 1	221,575	89,926	311,501
Fund Cash Balances, December 31	<u>\$220,106</u>	<u>\$99,717</u>	<u>\$319,823</u>
Reserves for Encumbrances, December 31	<u>\$770</u>	<u>\$0</u>	<u>\$770</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MILLVILLE
BUTLER COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$14,713	\$0	\$14,713
Intergovernmental Receipts	35,903	15,860	51,763
Special Assessments	4		4
Charges for Services	13,000		13,000
Fines, Licenses, and Permits	7,139		7,139
Earnings on Investments	2,944	1,486	4,430
Miscellaneous	3,313		3,313
Total Cash Receipts	77,016	17,346	94,362
Cash Disbursements:			
Current:			
Security of Persons and Property	42,034		42,034
Public Health Services	316		316
Transportation		7,493	7,493
General Government	30,346		30,346
Capital Outlay		4,000	4,000
Total Disbursements	72,696	11,493	84,189
Total Receipts Over/(Under) Disbursements	4,320	5,853	10,173
Fund cash balances, January 1	217,255	84,073	301,328
Fund Cash Balances, December 31	\$221,575	\$89,926	\$311,501
Reserves for Encumbrances, December 31	\$637	\$0	\$637

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MILLVILLE
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Millville, Butler County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council and elected Mayor. The Village provides general governmental services. The Village contracts with the Butler County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and deposits that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Fund

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

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

**VILLAGE OF MILLVILLE
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND DEPOSITS

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

**VILLAGE OF MILLVILLE
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$ 285,600	\$ 279,135
Certificates of Deposit	<u>34,223</u>	<u>32,366</u>
Total deposits	<u><u>\$319,823</u></u>	<u><u>\$311,501</u></u>

Deposits: At December 31, 2000 and 1999, \$194,116 and \$184,319 respectively was not insured or collateralized, contrary to Chapter 135, of the Ohio Revised Code

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 85,139	\$ 81,763	\$ (3,376)
Special Revenue	<u>14,200</u>	<u>16,300</u>	<u>2,100</u>
Total	<u><u>\$ 99,339</u></u>	<u><u>\$ 98,063</u></u>	<u><u>\$ (1,276)</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 86,002	\$ 84,002	\$ 2,000
Special Revenue	<u>88,440</u>	<u>6,509</u>	<u>81,931</u>
Total	<u><u>\$ 174,442</u></u>	<u><u>\$ 90,511</u></u>	<u><u>\$ 83,931</u></u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 77,611	\$ 77,016	\$ (595)
Enterprise	<u>114,200</u>	<u>17,346</u>	<u>(96,854)</u>
Total	<u><u>\$ 191,811</u></u>	<u><u>\$ 94,362</u></u>	<u><u>\$ (97,449)</u></u>

**VILLAGE OF MILLVILLE
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 88,080	\$ 73,333	\$ 14,747
Enterprise	<u>84,074</u>	<u>11,493</u>	<u>72,581</u>
Total	<u>\$ 172,154</u>	<u>\$ 84,826</u>	<u>\$ 87,328</u>

In 2000 and 1999, the Village was in violation of Ohio Rev. Code, Section 5705.41(D), which requires the certificate of the fiscal officer to be obtained before the order or purchase of goods and services.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an average rate of 10.84% for fiscal year 2000 and 13.55% for fiscal year 1999 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF MILLVILLE
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RISK MANAGEMENT

The Village obtained commercial insurance for the following risk:

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

7. RELATED PARTY TRANSACTIONS

The Clerk is the owner of a company which the Village used to service and repair their vehicles during 2000 and 1999. The Village paid \$3,856 and \$5,532 in 2000 and 1999 respectively for these services.

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Millville, Butler County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 31, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30409-001 and 2000-30409-002. We also, noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 31, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 31, 2001.

Village of Millville
Butler County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

August 31, 2001

**VILLAGE OF MILLVILLE
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-30409-001

Material Noncompliance

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

This Section also provides two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Clerk may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution or within 30 days from the receipt of such certificate.

2. If the amount involved is less than \$1,000 dollars, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Contrary to the above requirements, the Village failed to obtain the certification of the availability of funds from the Clerk prior to the invoice date for 40 percent of the expenditures tested, in both 2000 and 1999, and neither of the two exceptions provided above were utilized. The Village should properly certify the availability of funds prior to making an expenditure. Failure to do so, could result in the misappropriation of funds or over-spending of available resources.

FINDING NUMBER 2000-30409-002

Material Noncompliance

Ohio Rev. Code, Section 135.18, requires the Clerk of a political subdivision to require the subdivision depositories to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

At December 31, 2000 and 1999 the Village had as much as \$194,116 and \$184,319 respectively not insured or collateralized.

Should the bank fail, it could significantly jeopardize recovery of Village cash deposits. We recommend the Village request its banks to provide pooled or pledged securities as required.



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OFFICE OF THE AUDITOR

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VILLAGE OF MILLVILLE

BUTLER COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 9, 2001**