



**VILLAGE OF MILFORD CENTER  
UNION COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
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OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Milford Center  
12 Railroad Street  
P. O. Box 395  
Milford Center, Ohio 43045

We have reviewed the *Independent Auditor's Report* of the Village of Milford Center, Union County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**June 22, 2021**

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VILLAGE OF MILFORD CENTER  
UNION COUNTY

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## INDEPENDENT AUDITOR'S REPORT

May 7, 2021

Village of Milford Center  
Union County  
12 Railroad Street  
Milford Center, Ohio 43045

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Milford Center**, Union County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

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

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

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

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Milford Center, Union County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF MILFORD CENTER  
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 19,592	\$ -	\$ 19,592
Municipal Income Tax	229,355	-	229,355
Intergovernmental	6,545	38,549	45,094
Charges for Services	-	3,133	3,133
Fines, Licenses and Permits	1,153	-	1,153
Earnings on Investments	4,540	-	4,540
Miscellaneous	2,216	-	2,216
<i>Total Cash Receipts</i>	<u>263,401</u>	<u>41,682</u>	<u>305,083</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	33,528	-	33,528
Leisure Time Activities	2,320	2,474	4,794
Community Environment	20,843	-	20,843
Basic Utility Services	24,328	1,800	26,128
Transportation	15,935	23,020	38,955
General Government	66,992	-	66,992
Capital Outlay	30,186	-	30,186
<i>Total Cash Disbursements</i>	<u>194,132</u>	<u>27,294</u>	<u>221,426</u>
<i>Net Change in Fund Cash Balances</i>	69,269	14,388	83,657
<i>Fund Cash Balances, January 1</i>	<u>537,901</u>	<u>95,836</u>	<u>633,737</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	110,224	110,224
Assigned	63,264	-	63,264
Unassigned	543,906	-	543,906
<i>Fund Cash Balances, December 31</i>	<u>\$ 607,170</u>	<u>\$ 110,224</u>	<u>\$ 717,394</u>

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

**VILLAGE OF MILFORD CENTER  
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Enterprise	Agency	Totals (Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 386,991	\$ -	\$ 386,991
<i>Total Operating Cash Receipts</i>	<u>386,991</u>	<u>-</u>	<u>386,991</u>
<b>Operating Cash Disbursements</b>			
Personal Services	32,303	-	32,303
Employee Fringe Benefits	4,266	-	4,266
Contractual Services	36,005	-	36,005
Supplies and Materials	33,592	-	33,592
Other	175,381	-	175,381
<i>Total Operating Cash Disbursements</i>	<u>281,547</u>	<u>-</u>	<u>281,547</u>
<i>Operating Income (Loss)</i>	<u>105,444</u>	<u>-</u>	<u>105,444</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Principal Retirement	(63,167)	-	(63,167)
Interest and Other Fiscal Charges	(36,388)	-	(36,388)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(99,555)</u>	<u>-</u>	<u>(99,555)</u>
<i>Net Change in Fund Cash Balances</i>	5,889	-	5,889
<i>Fund Cash Balances, January 1 (Restated, Note 11)</i>	<u>253,306</u>	<u>2,034</u>	<u>255,340</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 259,195</u>	<u>\$ 2,034</u>	<u>\$ 261,229</u>

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

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Milford Center, Union County (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. A publicly-elected six-member Council directs the Village. The Village provides water utilities and park operations. The Village contracts with the City of Marysville to provide sewer utilities.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***State Highway*** The state highway fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of state highways within the Village.

***Parks and Recreation*** The park and recreation fund accounts for and reports donations and general fund transfers that are committed to fund operations of the park.

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

***Water Operating*** The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Operating*** The sewer operating fund accounts for the collection of sewer payments that are passed through to the City of Marysville.

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for deposits received from residents when water service is established. The deposits will be returned when water service is terminated.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency/custodial funds) be budgeted annually.

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

***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 approve estimated resources.

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

A summary of 2019 budgetary activity appears in Note 3.

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2019*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 203,650	\$ 263,401	\$ 59,751
Special Revenue	38,200	41,682	3,482
Enterprise	388,028	386,991	(1,037)
Total	\$ 629,878	\$ 692,074	\$ 62,196

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 371,143	\$ 257,396	\$ 113,747
Special Revenue	63,486	27,566	35,920
Enterprise	475,666	382,041	93,625
Total	\$ 910,295	\$ 667,003	\$ 243,292

**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	\$ 928,056
Total deposits	928,056
STAR Ohio	50,567
Total investments	50,567
Total deposits and investments	\$ 978,623

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Investments**

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2019*

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**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Village has obtained commercial insurance for the following risks:

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

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2019*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Social Security***

Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
1993 USDA Mortgage Revenue Bonds - Wastewater System	\$ 431,550	5.25%
OWDA #3751 Water Tower	112,128	4.84%
OWDA #2049 Water System Improvements	21,851	5.94%
OWDA #5728 Waterline Replacement	308,564	2.00%
OPWC Water System Improvements	109,473	0.00%
<b>Total</b>	<u>\$ 983,566</u>	

The Village used Mortgage Revenue Bonds in July of 1993 for \$729,000. The bonds were for the installation of sewer lines that were mandated by the United States Environmental Protection Agency. The Village will repay the bonds in annual installments for 40 years. Property and revenue of the utility facility have been pledged to repay this debt.



**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2019*

**Note 9 – Debt (Continued)**

The Village received a loan from Ohio Water Development Authority (OWDA) for \$233,393 in July of 2003. The loan was to pay for half of the costs of a new water tower for the Village. The Village will repay the loan in semiannual installments of \$8,123.64, including interest, over 24 years.

The Village received a loan from Ohio Water Development Authority (OWDA) for \$150,000 in July of 1997. The loan was to pay for water system improvements at the Village. The Village will repay the loan in semiannual installments of \$5,954.62, including interest, over 25 years.

The Village received a loan from Ohio Water Development Authority (OWDA) for \$398,492 in October of 2010. The loan was to pay for waterline replacements within the Village. The Village will repay the loan in semiannual installments of \$8,935.46, including interest, over 30 years.

The Village received a loan from Ohio Public Works Commission (OPWC) for \$149,282 in August of 2010. The loan was to pay for water system improvements at the Village. The Village will repay the loan in semiannual installments of \$2,488.03, including interest, over 30 years.

**Amortization**

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

Year ending December 31:	Mortgage Revenue Bonds	OWDA Loans	OPWC Loan
2020	\$ 44,680	\$ 22,260	\$ 2,488
2021	44,525	44,690	4,976
2022	44,138	39,043	4,976
2023	44,058	33,297	4,976
2024	44,745	33,402	4,976
2025-2029	221,204	152,493	24,880
2030-2034	177,000	88,640	24,880
2035-2039	-	88,640	24,880
2040-2044	-	35,456	12,441
Total	<u>\$ 620,350</u>	<u>\$ 537,921</u>	<u>\$ 109,473</u>

**Note 10 – Contingent Liabilities**

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

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2019*

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**Note 11 – Prior Period Restatement**

The beginning fund balance for the Village’s Sewer Operating Fund has been restated to account for a check that was outstanding as of December 31, 2018 but voided in 2019. The prior period restatement had the following effect on the Village’s fund balance as previously reported as of December 31, 2018.

	Sewer Operating Fund
Fund Balance, December 31, 2018	\$ 141,742
Restatement Due to Cancelled Check	342
Restated Fund Balance, January 1, 2019	<u>\$ 142,084</u>

**Note 12 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF MILFORD CENTER  
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 19,246	\$ -	\$ 19,246
Municipal Income Tax	213,456	-	213,456
Intergovernmental	6,665	74,327	80,992
Charges for Services	-	195	195
Fines, Licenses and Permits	600	-	600
Earnings on Investments	1,417	-	1,417
Miscellaneous	3,622	-	3,622
	<b>Total Cash Receipts</b>	<b>74,522</b>	<b>319,528</b>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	17,769	-	17,769
Leisure Time Activities	3,000	6,018	9,018
Community Environment	5,577	-	5,577
Basic Utility Services	22,179	1,440	23,619
Transportation	18,006	58,064	76,070
General Government	70,630	-	70,630
Debt Service:			
Interest and Fiscal Charges	500	-	500
	<b>Total Cash Disbursements</b>	<b>65,522</b>	<b>203,183</b>
	<b>Excess of Receipts Over (Under) Disbursements</b>	<b>9,000</b>	<b>116,345</b>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	36,226	36,226
Transfers Out	(36,226)	-	(36,226)
Advances In	75,000	-	75,000
Advances Out	-	(75,000)	(75,000)
	<b>Total Other Financing Receipts (Disbursements)</b>	<b>(38,774)</b>	<b>-</b>
	<b>Net Change in Fund Cash Balances</b>	<b>(29,774)</b>	<b>116,345</b>
	<b>Fund Cash Balances, January 1 (Restated, Note 13)</b>	<b>125,610</b>	<b>517,392</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	95,836	95,836
Assigned	87,011	-	87,011
Unassigned	450,890	-	450,890
	<b>Fund Cash Balances, December 31</b>	<b>\$ 95,836</b>	<b>\$ 633,737</b>

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

**VILLAGE OF MILFORD CENTER  
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Enterprise	Agency	Totals (Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 368,955	\$ -	\$ 368,955
<i>Total Operating Cash Receipts</i>	<u>368,955</u>	<u>-</u>	<u>368,955</u>
<b>Operating Cash Disbursements</b>			
Personal Services	37,417	-	37,417
Employee Fringe Benefits	6,310	-	6,310
Contractual Services	51,719	-	51,719
Supplies and Materials	32,114	-	32,114
Other	194,746	-	194,746
<i>Total Operating Cash Disbursements</i>	<u>322,306</u>	<u>-</u>	<u>322,306</u>
<i>Operating Income (Loss)</i>	<u>46,649</u>	<u>-</u>	<u>46,649</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	614	-	614
Principal Retirement	(59,562)	-	(59,562)
Interest and Other Fiscal Charges	(38,593)	-	(38,593)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(97,541)</u>	<u>-</u>	<u>(97,541)</u>
<i>Income (Loss) before Transfers</i>	(50,892)	-	(50,892)
Transfers In	7,000	-	7,000
Transfers Out	(7,000)	-	(7,000)
<i>Net Change in Fund Cash Balances</i>	(50,892)	-	(50,892)
<i>Fund Cash Balances, January 1</i>	<u>303,856</u>	<u>2,034</u>	<u>305,890</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 252,964</u>	<u>\$ 2,034</u>	<u>\$ 254,998</u>

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

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Village of Milford Center, Union County (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. A publicly-elected six-member Council directs the Village. The Village provides water utilities and park operations. The Village contracts with the City of Marysville to provide sewer utilities.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***State Highway*** The state highway fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of state highways within the Village.

***Parks and Recreation*** The park and recreation fund accounts for and reports donations and general fund transfers that are committed to fund operations of the park.

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

***Water Operating*** The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

***Sewer Operating*** The sewer operating fund accounts for the collection of sewer payments that are passed through to the City of Marysville.

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for deposits received from residents when water service is established. The deposits will be returned when water service is terminated.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency/custodial funds) be budgeted annually.

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

***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 approve estimated resources.

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

A summary of 2018 budgetary activity appears in Note 3.

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 191,900	\$ 245,006	\$ 53,106
Special Revenue	69,226	110,748	41,522
Enterprise	373,000	376,569	3,569
Total	\$ 634,126	\$ 732,323	\$ 98,197

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 190,200	\$ 174,440	\$ 15,760
Special Revenue	73,180	65,739	7,441
Enterprise	433,235	428,700	4,535
Total	\$ 696,615	\$ 668,879	\$ 27,736

**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	\$ 839,326
Total deposits	839,326
STAR Ohio	49,409
Total investments	49,409
Total deposits and investments	\$ 888,735

**Deposits**

At December 31, 2018, \$615,047 of deposits were not insured or collateralized, contrary to Ohio law.

**Investments**

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.



**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Interfund Balances**

***Advances***

During 2018, the Village advanced funds out of the Parks and Recreation Fund and into the General Fund in order to pay back the General Fund for an advance made out of the General Fund and into the Parks and Recreation Fund in 2017. This advance was incorrectly reclassified to a Transfer in the prior audit report. The original advance was properly approved and determined to be in compliance with Ohio Revised Code. The said advance has been repaid entirely during 2018.

**Note 7 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Village has obtained commercial insurance for the following risks:

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

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

***Social Security***

Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

**Note 10 – Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1993 USDA Mortgage Revenue Bonds - Wastewater System	\$ 452,550	5.25%
OWDA #3751 Water Tower	122,567	4.84%
OWDA #2049 Water System Improvements	31,867	5.94%
OWDA #2946 Water Treatment Plant Lines & Tower Renovation	5,349	6.58%
OWDA #5728 Waterline Replacement	319,950	2.00%
OPWC Water System Improvements	114,450	0.00%
<b>Total</b>	<u>\$ 1,046,733</u>	

We noted the prior year ending audit balance for the OPWC Water System Improvements loan was overstated by \$2,488. This was due to the November 2017 payment not being included within this balance.

The Village used Mortgage Revenue Bonds in July of 1993 for \$729,000. The bonds were for the installation of sewer lines that were mandated by the United States Environmental Protection Agency. The Village will repay the bonds in annual installments for 40 years. Property and revenue of the utility facility have been pledged to repay this debt.

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

**Note 10 – Debt (Continued)**

The Village received a loan from Ohio Water Development Authority (OWDA) for \$233,393 in July of 2003. The loan was to pay for half of the costs of a new water tower for the Village. The Village will repay the loan in semiannual installments of \$8,123.64, including interest, over 24 years.

The Village received a loan from Ohio Water Development Authority (OWDA) for \$150,000 in July of 1997. The loan was to pay for water system improvements at the Village. The Village will repay the loan in semiannual installments of \$5,954.62, including interest, over 25 years.

The Village received a loan from Ohio Water Development Authority (OWDA) for \$69,000 in July of 1995. The loan was to pay for the water treatment plant lines and tower renovation. The Village will repay the loan in semiannual installments of \$2,849.83, including interest, over 25 years.

The Village received a loan from Ohio Water Development Authority (OWDA) for \$398,492 in October of 2010. The loan was to pay for waterline replacements within the Village. The Village will repay the loan in semiannual installments of \$8,935.46, including interest, over 30 years.

The Village received a loan from Ohio Public Works Commission (OPWC) for \$149,282 in August of 2010. The loan was to pay for water system improvements at the Village. The Village will repay the loan in semiannual installments of \$2,488.03, including interest, over 30 years.

**Amortization**

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

Year ending December 31:	Mortgage Revenue Bonds	OWDA Loans	OPWC Loan
2019	\$ 44,783	\$ 24,899	\$ 2,488
2020	44,680	47,180	4,976
2021	44,525	44,690	4,976
2022	44,318	39,043	4,976
2023	44,058	33,297	4,976
2024-2028	221,973	168,168	24,880
2029-2033	220,975	88,640	24,880
2034-2038	-	88,640	24,880
2039-2043	-	53,184	17,418
Total	<u>\$ 665,312</u>	<u>\$ 587,741</u>	<u>\$ 114,450</u>

**Note 11 – Contingent Liabilities**

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

**Village of Milford Center  
Union County**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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**Note 12 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13 – Prior Period Restatement**

The beginning fund balance for the Village's General Fund has been restated to account for two payroll checks that were outstanding as of December 31, 2017 but voided in 2018. The prior period restatement had the following effect on the Village's fund balance as previously reported as of December 31, 2017.

	General Fund
Fund Balance, December 31, 2017	\$ 391,696
Restatement Due to Cancelled Checks	86
Restated Fund Balance, January 1, 2018	<u>\$ 391,782</u>

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

May 7, 2021

Village of Milford Center  
Union County  
12 Railroad Street  
Milford Center, Ohio 43045

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Milford Center**, Union County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 7, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

A *deficiency in internal controls* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2019-001 through 2019-002 described in the accompanying schedule of audit findings to be material weaknesses.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-003 described in the accompanying schedule of audit findings to be a significant deficiency.

### ***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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

VILLAGE OF MILFORD CENTER  
UNION COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018

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

FINDING NUMBER 2019-001

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. The following errors with the Village's annual financial report were noted:

- A state gas tax receipt was incorrectly recorded entirely to the State Highway Fund rather than a portion being recorded to the Street Construction Fund in 2018.
- State Rollback receipts were improperly posted as Property Tax revenue rather than Intergovernmental revenue in both 2019 and 2018.
- Principal payments in the Water Operating Fund (\$40,562) and Sewer Operating Fund (\$19,000) were incorrectly classified as Interest and Other Fiscal Charges in 2018.
- Principal disbursements were overstated by \$2,488 in 2019 due to the Village failing to void a check that was re-issued.
- The General Fund was incorrectly classified as entirely Unassigned rather than partially Assigned in both 2019 and 2018.
- The Parks and Recreation Fund was incorrectly classified as Committed rather than Restricted in both 2019 and 2018.

Not posting receipts, disbursements, and fund balances accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all material reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts. In addition, the Fiscal Officer should refer to the Auditor of State Technical Bulletin 2011-004 for information on fund balance classifications.

**Management's Response** – Officials did not provide a response to this finding.

VILLAGE OF MILFORD CENTER  
UNION COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018

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

FINDING NUMBER 2019-002

**Material Weakness**

**Utility Billing and Adjustments**

The Village should maintain an accounting system and accounting records sufficient to enable to the Village to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During testing of the Village's utilities, we noted the following:

- Council did not have a formal policy regarding utility bill adjustments.
- Council did not approve adjustments to customer accounts.
- The Village did not maintain supporting documentation related to utility bill adjustments.
- The Village did not provide us with utility adjustment reports for 2019.
- The Village did not bill and collect monies in accordance with its approved rate structure in the first half of 2019.

Failure to follow Village policy and accurately prepare the accounting records 1) reduces the accountability over Village funds, 2) reduces the Council's ability to monitor financial activity and make informed financial decisions, and 3) increases the risk that errors, theft, or fraud could occur and not be detected in a timely manner.

We recommend the Village Officials and management implement the following:

- Establish a formal policy and related procedures to address identification, authorization, recording and documentation of adjustments to utility customer accounts.
- The Village Council should review and approve all adjustments to be made to utility client accounts.
- Adequately document and approve all adjustments to customer accounts.
- Ensure adjustment calculations are accurate.
- Maintain adjustment reports and documentation of rates in force.

**Management's Response** – Officials did not provide a response to this finding.



VILLAGE OF MILFORD CENTER  
UNION COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018

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

FINDING NUMBER 2019-003

**Significant Deficiency**

**Maintenance of Records**

The Village did not maintain the support for pay rates of employees tested in an easily accessible format. The Village must maintain appropriate audit evidence to substantiate all disbursements under audit. This could lead to incorrect payroll disbursements occurring without the knowledge of those charged with governance.

To reduce the likelihood of payroll expenditures not being properly made in the future, we recommend the following:

- All employees pay rates or scales should be clearly approved by Council annually and this approval should be detailed in the minutes.
- All hiring, raises, promotions, and severance package details should be approved by Council in the minutes and support should be maintained in personnel files.
- Any payroll actions approved through ordinances should be maintained in an ordinance book.

The Village was also unable to provide the auditor with the temporary appropriation measure and the first amendment to appropriations for 2019.

We recommend the Village maintain appropriate audit evidence concerning budgetary documentation.

**Management's Response – Officials did not provide a response to this finding.**

**VILLAGE OF MILFORD CENTER  
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Posting Receipts, Disbursements and Fund Balances	Not Corrected	Repeated as Finding 2019-001
2017-002	Utility Adjustments	Not Corrected	Repeated as Finding 2019-002

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MILFORD CENTER**

**UNION COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/6/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)