



**VILLAGE OF MILFORD CENTER
UNION COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 - 2020**

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
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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Milford Center
PO Box 395
Milford Center, OH 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, 2020 through December 31, 2021. 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

November 28, 2022

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VILLAGE OF MILFORD CENTER
UNION COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Milford Center
Union County
PO Box 395
Milford Center, Ohio 43045

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Milford Center, Union County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

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Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 12 to the financial statements, in 2020 the Village adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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 and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 13, 2022

**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, 2021**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 20,009	\$ -	\$ 20,009
Municipal Income Tax	249,345	-	249,345
Intergovernmental	9,068	101,105	110,173
Charges for Services	-	9,090	9,090
Fines, Licenses and Permits	955	-	955
Earnings on Investments	1,615	114	1,729
Miscellaneous	1,894	-	1,894
<i>Total Cash Receipts</i>	282,886	110,309	393,195
Cash Disbursements			
Current:			
Security of Persons & Property	12,998	-	12,998
Leisure Time Activities	5,680	-	5,680
Community Environment	16,054	-	16,054
Basic Utility Services	31,032	-	31,032
Transportation	1,555	15,932	17,487
General Government	71,591	-	71,591
<i>Total Cash Disbursements</i>	138,910	15,932	154,842
<i>Net Change in Fund Cash Balances</i>	143,976	94,377	238,353
<i>Fund Cash Balances, January 1 (Restated - See Note 12)</i>	542,050	114,764	656,814
<i>Fund Cash Balances, December 31</i>	\$ 686,026	\$ 209,141	\$ 895,167

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 348,705
<i>Total Operating Cash Receipts</i>	348,705
Operating Cash Disbursements	
Personal Services	32,822
Fringe Benefits	1,382
Contractual Services	42,543
Supplies and Materials	24,955
Other	131,866
<i>Total Operating Cash Disbursements</i>	233,568
<i>Operating Income (Loss)</i>	115,137
Non-Operating Receipts (Disbursements)	
Special Assessments	10,781
Principal Retirement	(64,338)
Interest and Other Fiscal Charges	(32,318)
<i>Total Non-Operating Receipts (Disbursements)</i>	(85,875)
<i>Net Change in Fund Cash Balance</i>	29,262
<i>Fund Cash Balances, January 1</i>	311,534
<i>Fund Cash Balances, December 31</i>	\$ 340,796

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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Other Custodial
<i>Fund Cash Balances, January 1</i>	<u>\$ 2,034</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 2,034</u></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, 2021*

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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory basis) all fiduciary fund types which are all 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.

**Village of Milford Center
Union County**

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial 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.

Custodial 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 custodial 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 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 2021 budgetary activity appears in Note 3.

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.

**Village of Milford Center
Union County**

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments (Continued)

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Village of Milford Center
Union County**

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 203,650	\$ 282,886	\$ 79,236
Special Revenue	29,000	110,309	81,309
Enterprise	388,028	359,486	(28,542)
Total	\$ 620,678	\$ 752,681	\$ 132,003

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 302,765	\$ 141,894	\$ 160,871
Special Revenue	42,606	16,130	26,476
Enterprise	381,015	346,485	34,530
Total	\$ 726,386	\$ 504,509	\$ 221,877

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:

	2021
Demand deposits	\$ 1,187,029
Total deposits	1,187,029
STAR Ohio	50,968
Total investments	50,968
Total deposits and investments	\$ 1,237,997

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$1,948 in unremitted employee payroll withholdings.

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.

**Village of Milford Center
Union County**

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 4 – Deposits and Investments (Continued)

Investments

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

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.

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.

**Village of Milford Center
Union County**

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 7 – Defined Benefit Pension Plans (Continued)

Ohio Public Employees Retirement System (Continued)

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, 2021.

Social Security

Some 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, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
1993 USDA Mortgage Revenue Bonds - Wastewater System	\$ 386,550	5.25%
OWDA #3751 Water Tower	95,501	4.84%
OWDA #2049 Water System Improvements	5,619	5.94%
OWDA #5728 Waterline Replacement	291,055	2.00%
OPWC Water System Improvements	102,008	0.00%
Total	\$ 880,733	

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.

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.

**Village of Milford Center
Union County**

*Notes to the Financial Statements
For the Year Ended December 31, 2021*

Note 9 – Debt (Continued)

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
2022	\$ 44,318	\$ 38,817	\$ 2,488
2023	44,058	33,298	4,976
2024	44,745	33,403	4,976
2025	44,328	33,512	4,976
2026	43,858	33,628	4,976
2027-2031	221,508	120,809	24,880
2032-2036	88,510	88,640	24,880
2037-2041	-	88,640	24,880
2042	-	-	4,976
Total	<u>\$ 531,325</u>	<u>\$ 470,747</u>	<u>\$ 102,008</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, 2021*

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 2,984	\$ 198	\$ 3,182
Total	\$ 2,984	\$ 198	\$ 3,182

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Prior Period Restatement

The beginning fund balance for the Village's General Fund has been restated to account for two checks that were outstanding as of December 31, 2020 but voided in 2021. The prior period restatement had the following effect on the Village's fund balance as previously reported.

	General Fund
Fund Balance, December 31, 2020	\$ 541,882
Restatement Due to Cancelled Checks	168
Restated Fund Balance, January 1, 2021	\$ 542,050

Note 13 – 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, 2020**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 22,784	\$ -	\$ 22,784
Municipal Income Tax	231,171	-	231,171
Intergovernmental	6,944	48,495	55,439
Charges for Services	-	9,149	9,149
Fines, Licenses and Permits	808	-	808
Earnings on Investments	4,090	-	4,090
Miscellaneous	13,312	-	13,312
	279,109	57,644	336,753
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Security of Persons & Property	224,916	-	224,916
Leisure Time Activities	4,296	-	4,296
Community Environment	20,192	-	20,192
Basic Utility Services	28,583	4,846	33,429
Transportation	301	48,258	48,559
General Government	66,121	-	66,121
	344,409	53,104	397,513
<i>Total Cash Disbursements</i>			
<i>Net Change in Fund Cash Balances</i>	(65,300)	4,540	(60,760)
<i>Fund Cash Balances, January 1 (Restated - See Note 13)</i>	607,182	110,224	717,406
<i>Fund Cash Balances, December 31</i>	\$ 541,882	\$ 114,764	\$ 656,646

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 370,943
<i>Total Operating Cash Receipts</i>	370,943
Operating Cash Disbursements	
Personal Services	31,723
Fringe Benefits	1,863
Contractual Services	39,756
Supplies and Materials	31,500
Other	148,213
<i>Total Operating Cash Disbursements</i>	253,055
<i>Operating Income (Loss)</i>	117,888
Non-Operating Receipts (Disbursements)	
Special Assessments	1,349
Principal Retirement	(38,494)
Interest and Other Fiscal Charges	(28,421)
<i>Total Non-Operating Receipts (Disbursements)</i>	(65,566)
<i>Net Change in Fund Cash Balance</i>	52,322
<i>Fund Cash Balances, January 1</i>	259,212
<i>Fund Cash Balances, December 31</i>	\$ 311,534

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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Other Custodial
<i>Fund Cash Balances, January 1</i>	<u>\$ 2,034</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 2,034</u></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, 2020*

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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory basis) all fiduciary fund types which are all 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.

**Village of Milford Center
Union County**

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial 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.

Custodial 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 custodial 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 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 2020 budgetary activity appears in Note 3.

**Village of Milford Center
Union County**

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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, 2020*

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 203,650	\$ 279,109	\$ 75,459
Special Revenue	29,000	57,644	28,644
Enterprise	388,028	372,292	(15,736)
Total	\$ 620,678	\$ 709,045	\$ 88,367

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 731,764	\$ 345,174	\$ 386,590
Special Revenue	67,768	53,260	14,508
Enterprise	406,538	321,036	85,502
Total	\$ 1,206,070	\$ 719,470	\$ 486,600

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:

	2020
Demand deposits	\$ 919,288
Total deposits	919,288
STAR Ohio	50,926
Total investments	50,926
Total deposits and investments	\$ 970,214

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$2,632 in unremitted employee payroll withholdings.

**Village of Milford Center
Union County**

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

Note 4 – Deposits and Investments (Continued)

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.

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, 2020*

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, 2020.

Social Security

Some 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, 2020.

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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
1993 USDA Mortgage Revenue Bonds - Wastewater System	\$ 409,550	5.25%
OWDA #3751 Water Tower	106,717	4.84%
OWDA #2049 Water System Improvements	16,545	5.94%
OWDA #5728 Waterline Replacement	302,786	2.00%
OPWC Water System Improvements	109,472	0.00%
Total	\$ 945,070	

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, 2020*

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
2021	\$ 44,525	\$ 38,845	\$ 4,976
2022	44,318	39,044	4,976
2023	44,058	39,144	4,976
2024	44,745	33,403	4,976
2025	44,328	33,512	4,976
2026-2030	221,066	136,709	24,880
2031-2035	132,810	88,640	24,880
2036-2040	-	88,640	24,880
2040-2042	-	17,728	9,952
Total	<u>\$ 575,850</u>	<u>\$ 515,665</u>	<u>\$ 109,472</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, 2020*

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 765	\$ 156	\$ 921
Total	\$ 765	\$ 156	\$ 921

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – Change in Accounting Principle

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 13 – Prior Period Restatement

The beginning fund balances for the Village’s General and Sewer Operating Fund has been restated to account for two checks that were outstanding as of December 31, 2019 but voided in 2020. The prior period restatement had the following effect on the Village’s fund balance as previously reported.

	General Fund	Enterprise Funds
Fund Balance, December 31, 2019	\$ 607,170	\$ 259,195
Restatement Due to Cancelled Checks	12	17
Restated Fund Balance, January 1, 2020	\$ 607,182	\$ 259,212

Note 14 – 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.



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740.373.0056

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740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

Village of Milford Center
Union County
PO Box 395
Milford Center, Ohio 43045

To the Village Council:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Village of Milford Center, Union County, (the Village) and have issued our report thereon dated October 13, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. Furthermore, during 2020, the Village adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control that we consider to be material weaknesses and a significant deficiency.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
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Report on Internal Control Over Financial Reporting (Continued)

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of audit findings as items 2021-001, 2021-002 and 2021-004 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of audit findings as item 2021-003 to be a significant deficiency.

Report on Compliance and Other Matters

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

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

October 13, 2022

VILLAGE OF MILFORD CENTER
UNION COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

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 property tax settlement was incorrectly posted at net instead of gross as well as incorrectly posted as General Fund Miscellaneous revenue instead of General fund Intergovernmental revenue in 2021;
- A special assessment receipt was incorrectly posted as General Fund Miscellaneous revenue instead of Water Operating and Sewer Operating Special Assessments in 2021;
- A special assessment receipt was incorrectly posted as Water Operating and Sewer Operating Funds Charges for Services instead of Water Operating and Sewer Operating Special Assessments in 2020.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification and adjusting entries. The financial statements reflect all reclassifications and adjustments. The Village has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues 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 and posting of receipts and disbursements.

Officials' Response – The Village has a new Fiscal Officer as of March 2022 and the above items are being addressed.

VILLAGE OF MILFORD CENTER
UNION COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-002

Material Weakness

Utility Billing and Adjustments

The Village should maintain an accounting system and accounting records sufficient to enable 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 2020 and 2021.

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.

Officials' Response – The Village is in process of developing a policy.

VILLAGE OF MILFORD CENTER
UNION COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-003

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.

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

Officials' Response – The Village is developing a resolution to be approved each year in the minutes for hiring rates. This process started in 2022.

FINDING NUMBER 2021-004

Material Weakness

Unremitted Payroll Withholdings

Employers must report income and employment taxes withheld from their employees on an Employer's Quarterly Federal Tax Return (Form 941) and deposit these taxes in full to an authorized bank or financial institution pursuant to Federal Tax Deposit Requirements. Additionally, the Village should have a system of internal controls to ensure that payroll withholdings of federal taxes, state income taxes, and pension system contributions are properly remitted to the appropriate governmental agencies on a timely basis.

The Village did not submit remittances of withholdings on a timely basis for 2020. At December 31, 2020, the Village had Federal tax withholdings of \$1,814 that had not been remitted. This resulted in the Village incurring penalties and interest charges in the amount of \$93.

Also, the Village did not submit remittances of withholdings on a timely basis for 2021. At December 31, 2021, the Village had Federal tax withholdings of \$1,144, State tax withholdings of \$183, School tax withholdings of \$98 and Local taxes of \$149 that had not been remitted.

Failure to properly remit payroll withholdings could result in penalties and late fees.

VILLAGE OF MILFORD CENTER
UNION COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-004 (Continued)

Unremitted Payroll Withholdings (Continued)

We recommend that the Fiscal Officer and Village Council ensure that all payroll withholdings are remitted in full on a timely basis. We also recommend that the Village review its procedures for monitoring of payroll cycle activity to ensure that all payroll activity is properly accounted for and that the Village is in compliance with regulations governing the withholding and remitting of employment taxes and pension contributions.

Officials' Response – The new Village Fiscal Officer has corrected all past filings and has remained current in 2022.

VILLAGE OF MILFORD CENTER
UNION COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting	Not Corrected	Repeated as Finding 2021-001
2019-002	Utility Billing and Adjustments	Not Corrected	Repeated as Finding 2021-002
2019-003	Maintenance of Records	Not Corrected	Repeated as Finding 2021-003

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 12/8/2022

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