



**VILLAGE OF MILLBURY
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

VILLAGE OF MILLBURY
WOOD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2021.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2021.....	6
Notes to the Financial Statements For the Year Ended December 31, 2021.....	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020.....	14
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2020.....	15
Notes to the Financial Statements For the Year Ended December 31, 2020.....	16
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Findings.....	25
Prepared by Management:	
Summary Schedule of Prior Audit Findings	26

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Village of Millbury
Wood County
28430 Main Street
P.O. Box 155
Millbury, Ohio 43447-0155

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 Millbury, Wood County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type 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 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 year then ended.

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.

Efficient • Effective • Transparent

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 the 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 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to 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.
- 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 31, 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.



Keith Faber
Auditor of State
Columbus, Ohio

October 31, 2022

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Village of Millbury
Wood 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$43,417	\$37,369		\$80,786
Municipal Income Tax		284,797		284,797
Intergovernmental	26,895	210,082		236,977
Special Assessments		14,124		14,124
Charges for Services	60			60
Fines, Licenses and Permits	13,065			13,065
Earnings on Investments	870	340		1,210
Miscellaneous	47,108			47,108
<i>Total Cash Receipts</i>	<u>131,415</u>	<u>546,712</u>		<u>678,127</u>
Cash Disbursements				
Current:				
Security of Persons and Property	35,000	35,119		70,119
Leisure Time Activities	21,211			21,211
Community Environment	3,740			3,740
Basic Utility Services	64,529			64,529
Transportation	12,018	92,043	\$255	104,316
General Government	84,266	80,330		164,596
Capital Outlay		9,459		9,459
Debt Service:				
Principal Retirement			9,737	9,737
<i>Total Cash Disbursements</i>	<u>220,764</u>	<u>216,951</u>	<u>9,992</u>	<u>447,707</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(89,349)</u>	<u>329,761</u>	<u>(9,992)</u>	<u>230,420</u>
Other Financing Receipts (Disbursements)				
Transfers In	190,299		81,557	271,856
Transfers Out		(271,856)		(271,856)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>190,299</u>	<u>(271,856)</u>	<u>81,557</u>	
<i>Net Change in Fund Cash Balances</i>	100,950	57,905	71,565	230,420
<i>Fund Cash Balances, January 1</i>	<u>507,424</u>	<u>279,533</u>	<u>52,254</u>	<u>839,211</u>
<i>Fund Cash Balances, December 31</i>	<u>\$608,374</u>	<u>\$337,438</u>	<u>\$123,819</u>	<u>\$1,069,631</u>

See accompanying notes to the basic financial statements

Village of Millbury
Wood County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Enterprise
Operating Cash Receipts	
Charges for Services	\$17,436
Operating Cash Disbursements	
Contractual Services	7,027
<i>Net Change in Fund Cash Balances</i>	10,409
<i>Fund Cash Balances, January 1</i>	87,452
<i>Fund Cash Balances, December 31</i>	\$97,861

See accompanying notes to the basic financial statements

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Millbury (the Village), Wood County, 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 park operations. The Village contracts with the Lake Township police department to provide security of persons and property. The Village is also provided fire protection services from the Lake Township volunteer fire department, which is paid for by levies that are passed by the residents.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 to the financial statements provides additional information for this entity. 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 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.

Police Protection Fund The police protection fund accounts for and reports levy monies that are restricted for police services within the Village.

Income Tax Fund The income tax fund accounts for and reports income tax monies that are collected and then, after income tax department expenditures, are transferred to the General Fund and Capital Projects Fund in the allocation of 70% and 30%, respectively.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Capital Projects Fund The capital projects fund accounts for and reports transfers from the Village Income Tax fund that are restricted for capital acquisitions and improvements.

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 Fund:

Storm Water Utility Fund The storm water utility fund accounts for the provision of a storm water system located within the Village.

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 Village 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 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. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

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.

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.

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 10.

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	\$326,841	\$321,714	(\$5,127)
Special Revenue	551,146	546,712	(4,434)
Capital Projects	81,000	81,557	557
Enterprise	16,600	17,436	836
Total	\$975,587	\$967,419	(\$8,168)

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$325,515	\$220,764	\$104,751
Special Revenue	553,810	488,807	65,003
Capital Projects	130,000	9,992	120,008
Enterprise	87,000	7,027	79,973
Total	\$1,096,325	\$726,590	\$369,735

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$722,480
Certificates of deposit	168,807
Total deposits	891,287
STAR Ohio	276,205
Total investments	276,205
Total carrying amount of deposits and investments held in the Pool	1,167,492

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

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 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.

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 1.5 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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	(15,037,383)
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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, 2021.

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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
OPWC Loan#1 - Cherry Street Storm Sewer	\$56,934	0%
OPWC Loan#2 - Center Street Storm Sewer	26,232	0%
Total	\$83,166	

The Ohio Public Works Commission (OPWC) Loan #1 relates to a Cherry Street storm sewer project made by the Village. The OPWC approved a \$79,442, zero percent loan to the Village for this project. The Village will repay the loan in semiannual installments of \$2,648 over 30 years, beginning January 1, 2014 and due July 1, 2043. The loan will be repaid from the Capital Projects fund. No assets are pledged to collateralize the loan.

The Ohio Public Works Commission (OPWC) Loan #2 relates to a Center Street storm sewer project made by the Village. The OPWC approved a \$104,930, zero percent loan to the Village for this project. The Village will repay the loan in semiannual installments of \$5,246 over 20 years, beginning July 1, 2007 and due January 1, 2027. The loan will be repaid from the Capital Projects fund. No assets are pledged to collateralize the loan.

Amortization

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

Year Ending December 31:	OPWC Loan #1	OPWC Loan #2
2022	\$2,648	\$5,246
2023	2,648	5,247
2024	2,648	5,246
2025	2,648	5,247
2026	2,648	5,246
2027-2031	13,240	
2032-2036	13,241	
2037-2041	13,240	
2042-2043	3,973	
Total	\$56,934	\$26,232

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed or assigned.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Millbury
Wood 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$40,496	\$37,063		\$77,559
Municipal Income Tax		306,072		306,072
Intergovernmental	36,826	150,893		187,719
Special Assessments		14,026		14,026
Charges for Services	60			60
Fines, Licenses and Permits	14,877			14,877
Earnings on Investments	3,324	1,120		4,444
Miscellaneous	18,847			18,847
<i>Total Cash Receipts</i>	<u>114,430</u>	<u>509,174</u>		<u>623,604</u>
Cash Disbursements				
Current:				
Security of Persons and Property	30,001	57,859		87,860
Leisure Time Activities	40,643			40,643
Community Environment	4,540			4,540
Basic Utility Services	71,296			71,296
Transportation	6,715	80,769	\$1,337	88,821
General Government	102,581	24,512		127,093
Capital Outlay		10,000	141,628	151,628
Debt Service:				
Principal Retirement			10,000	10,000
<i>Total Cash Disbursements</i>	<u>255,776</u>	<u>173,140</u>	<u>152,965</u>	<u>581,881</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(141,346)</u>	<u>336,034</u>	<u>(152,965)</u>	<u>41,723</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets			10,000	10,000
Transfers In	194,024		83,153	277,177
Transfers Out		(277,177)		(277,177)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>194,024</u>	<u>(277,177)</u>	<u>93,153</u>	<u>10,000</u>
<i>Net Change in Fund Cash Balances</i>	52,678	58,857	(59,812)	51,723
<i>Fund Cash Balances, January 1</i>	<u>454,746</u>	<u>220,676</u>	<u>112,066</u>	<u>787,488</u>
<i>Fund Cash Balances, December 31</i>	<u>\$507,424</u>	<u>\$279,533</u>	<u>\$52,254</u>	<u>\$839,211</u>

See accompanying notes to the basic financial statements

Village of Millbury
Wood County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Enterprise
Operating Cash Receipts	
Charges for Services	\$17,152
Operating Cash Disbursements	
Contractual Services	4,421
<i>Operating Income</i>	12,731
Non-Operating Receipts	
Special Assessments	98
<i>Net Change in Fund Cash Balances</i>	12,829
<i>Fund Cash Balances, January 1</i>	74,623
<i>Fund Cash Balances, December 31</i>	\$87,452

See accompanying notes to the basic financial statements

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Millbury (the Village), Wood County, 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 park operations. The Village contracts with the Lake Township police department to provide security of persons and property. The Village is also provided fire protection services from the Lake Township volunteer fire department, which is paid for by levies that are passed by the residents.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 to the financial statements provides additional information for this entity. 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 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.

Police Protection Fund The police protection fund accounts for and reports levy monies that are restricted for police services within the Village.

Income Tax Fund The income tax fund accounts for and reports income tax monies that are collected and then, after income tax department expenditures, are transferred to the General Fund and Capital Projects Fund in the allocation of 70% and 30%, respectively.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Capital Projects Fund The capital projects fund accounts for and reports transfers from the Village Income Tax fund that are restricted for capital acquisitions and improvements.

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 Fund:

Storm Water Utility Fund The storm water utility fund accounts for the provision of a storm water system located within the Village.

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 Village 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 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. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2020 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.

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.

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 10.

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	\$328,776	\$308,454	(\$20,322)
Special Revenue	547,893	509,174	(38,719)
Capital Projects	87,000	93,153	6,153
Enterprise	16,600	17,250	650
Total	\$980,269	\$928,031	(\$52,238)

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$336,365	\$255,776	\$80,589
Special Revenue	540,550	450,317	90,233
Capital Projects	190,000	152,965	37,035
Enterprise	72,000	4,421	67,579
Total	\$1,138,915	\$863,479	\$275,436

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$482,858
Certificates of deposit	167,826
Total deposits	650,684
STAR Ohio	275,979
Total investments	275,979
Total carrying amount of deposits and investments held in the Pool	926,663

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

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 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.

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 1.5 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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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
OPWC Loan#1 - Cherry Street Storm Sewer	\$60,906	0%
OPWC Loan#2 - Center Street Storm Sewer	31,997	0%
Total	\$92,903	

The Ohio Public Works Commission (OPWC) Loan #1 relates to a Cherry Street storm sewer project made by the Village. The OPWC approved a \$79,442, zero percent loan to the Village for this project. The Village will repay the loan in semiannual installments of \$2,648 over 30 years, beginning January 1, 2014 and due July 1, 2043. The loan will be repaid from the Capital Projects fund. No assets are pledged to collateralize the loan.

The Ohio Public Works Commission (OPWC) Loan #2 relates to a Center Street storm sewer project made by the Village. The OPWC approved a \$104,930, zero percent loan to the Village for this project. The Village will repay the loan in semiannual installments of \$5,246 over 20 years, beginning July 1, 2007 and due January 1, 2027. The loan will be repaid from the Capital Projects fund. No assets are pledged to collateralize the loan.

Amortization

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

Village of Millbury
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Year Ending December 31:	OPWC Loan #1	OPWC Loan #2
2021	\$2,648	\$5,247
2022	2,648	5,246
2023	2,648	5,247
2024	2,648	5,246
2025	2,648	5,247
2026-2030	13,240	5,764
2031-2035	13,241	
2036-2040	13,240	
2041-2043	7,945	
Total	\$60,906	\$31,997

Note 10 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed or assigned.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Village of Millbury
Wood County
28430 Main Street
P.O. Box 155
Millbury, Ohio 43447-0155

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 as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Millbury, Wood County, Ohio (the Village) and have issued our report thereon dated October 31, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

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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*.

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.



Keith Faber
Auditor of State
Columbus, Ohio

October 31, 2022

**VILLAGE OF MILLBURY
WOOD COUNTY**

**SCHEDULE OF FINDINGS
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

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Revenue from the sale of a dump truck was incorrectly posted to Miscellaneous Revenue instead of Sale of Capital Assets in the Capital Project Funds in the amount of \$10,000 in 2020.

This error was the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to Council making misinformed decisions. The accompanying financial statements have been adjusted to correct this error. In addition to the adjustment noted above, we also identified additional immaterial misstatements ranging from \$98 to \$6,450 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Council to identify and correct errors and omissions. In addition, the Fiscal Officer should also review the Village Handbook and Uniform Accounting Network (UAN) Manual.

Officials' Response:

We did not receive a response from Officials to this finding.

VILLAGE OF MILLBURY
WOOD COUNTY
28430 MAIN STREET
P.O. BOX 155
MILLBURY, OHIO 43447-0155

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

Finding Number	Finding Summary	Status	Additional Information
2019-001	Finding was first issued in the 2015-2014 audit. Material weakness due to errors over financial reporting.	Not corrected and repeated as Finding 2021-001 in this report.	Recurrence due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. The Clerk-Treasurer was unaware of the error and will review the proper procedures and make corrections in the future.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MILLBURY

WOOD 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 11/10/2022

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