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740.373.0056

1035 Murdoch Ave.
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St. Clairsville, OH 43950
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Certified Public Accountants, A.C.

**VILLAGE OF MILFORD CENTER
UNION COUNTY
Regular Audit**

For the Years Ended December 31, 2015 and 2014

www.perrycpas.com

...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Village Council
Village of Milford Center
12 Railroad Street
Milford Center, Ohio 43045

We have reviewed the *Independent Auditor's Report* of the Village of Milford Center, Union County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. 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 "Dave Yost".

Dave Yost
Auditor of State

October 6, 2016

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VILLAGE OF MILFORD CENTER
UNION COUNTY

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INDEPENDENT AUDITOR'S REPORT

July 27, 2016

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Milford Center**, Union County, (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Milford Center, Union County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

**VILLAGE OF MILFORD CENTER
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 18,592	\$ -	\$ 18,592
Municipal Income Tax	184,710	-	184,710
Intergovernmental	3,890	31,258	35,148
Fines, Licenses and Permits	1,545	-	1,545
Earnings on Investments	876	-	876
Miscellaneous	1,092	-	1,092
	Total Cash Receipts	31,258	241,963
Cash Disbursements			
Current:			
Security of Persons and Property	4,321	-	4,321
Leisure Time Activities	11,679	-	11,679
Community Environment	12,796	-	12,796
Basic Utility Services	22,927	-	22,927
Transportation	45,000	107,857	152,857
General Government	63,462	-	63,462
Capital Outlay	1,500	-	1,500
	Total Cash Disbursements	107,857	269,542
	Excess of Receipts Over Disbursements	(76,599)	(27,579)
Other Financing Receipts (Disbursements)			
Advances In	18,000	-	18,000
	Total Other Financing Receipts (Disbursements)	-	18,000
	Net Change in Fund Cash Balances	(76,599)	(9,579)
	Fund Cash Balances, January 1	168,703	441,216
Fund Cash Balances, December 31			
Restricted	-	92,104	92,104
Unassigned	339,533	-	339,533
	Fund Cash Balances, December 31	\$ 92,104	\$ 431,637

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 (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 390,750	\$ -	\$ 390,750
<i>Total Operating Cash Receipts</i>	<u>390,750</u>	<u>-</u>	<u>390,750</u>
Operating Cash Disbursements			
Personal Services	32,736	-	32,736
Employee Fringe Benefits	6,180	-	6,180
Contractual Services	40,804	-	40,804
Supplies and Materials	53,343	-	53,343
Other	150,964	-	150,964
<i>Total Operating Cash Disbursements</i>	<u>284,027</u>	<u>-</u>	<u>284,027</u>
<i>Operating Income</i>	<u>106,723</u>	<u>-</u>	<u>106,723</u>
Non-Operating Receipts (Disbursements)			
Principal Retirement	(52,551)	-	(52,551)
Interest and Other Fiscal Charges	(48,601)	-	(48,601)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(101,152)</u>	<u>-</u>	<u>(101,152)</u>
<i>Income before Advances</i>	5,571	-	5,571
Advances Out	(18,000)	-	(18,000)
<i>Net Change in Fund Cash Balances</i>	(12,429)	-	(12,429)
<i>Fund Cash Balances, January 1</i>	<u>288,598</u>	<u>2,034</u>	<u>290,632</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 276,169</u>	<u>\$ 2,034</u>	<u>\$ 278,203</u>

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

**VILLAGE OF MILFORD CENTER
UNION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 18,154	\$ -	\$ 18,154
Municipal Income Tax	192,600	-	192,600
Intergovernmental	1,712	29,198	30,910
Fines, Licenses and Permits	582	-	582
Earnings on Investments	841	-	841
Miscellaneous	1,986	-	1,986
	Total Cash Receipts	29,198	245,073
Cash Disbursements			
Current:			
Security of Persons and Property	13,049	-	13,049
Leisure Time Activities	3,151	-	3,151
Community Environment	5,814	-	5,814
Basic Utility Services	19,651	-	19,651
Transportation	12,451	18,012	30,463
General Government	53,843	-	53,843
	Total Cash Disbursements	18,012	125,971
<i>Excess of Receipts Over (Under) Disbursements</i>	107,916	11,186	119,102
Other Financing Receipts			
Advances In	18,000	-	18,000
	Total Other Financing Receipts	-	18,000
<i>Net Change in Fund Cash Balances</i>	125,916	11,186	137,102
<i>Fund Cash Balances, January 1</i>	146,597	157,517	304,114
Fund Cash Balances, December 31			
Restricted	-	168,703	168,703
Assigned	542	-	542
Unassigned	271,971	-	271,971
	Fund Cash Balances, December 31	\$ 168,703	\$ 441,216
	\$ 272,513	\$ 168,703	\$ 441,216

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 (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 372,601	\$ -	\$ 372,601
<i>Total Operating Cash Receipts</i>	<u>372,601</u>	<u>-</u>	<u>372,601</u>
Operating Cash Disbursements			
Personal Services	29,795	-	29,795
Employee Fringe Benefits	4,344	-	4,344
Contractual Services	23,245	-	23,245
Supplies and Materials	36,701	-	36,701
Other	154,310	-	154,310
<i>Total Operating Cash Disbursements</i>	<u>248,395</u>	<u>-</u>	<u>248,395</u>
<i>Operating Income</i>	<u>124,206</u>	<u>-</u>	<u>124,206</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(26,000)	-	(26,000)
Principal Retirement	(50,343)	-	(50,343)
Interest and Other Fiscal Charges	(50,721)	-	(50,721)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(127,064)</u>	<u>-</u>	<u>(127,064)</u>
<i>Income before Advances</i>	(2,858)	-	(2,858)
Advances Out	(18,000)	-	(18,000)
<i>Net Change in Fund Cash Balances</i>	(20,858)	-	(20,858)
<i>Fund Cash Balances, January 1</i>	<u>309,456</u>	<u>2,034</u>	<u>311,490</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 288,598</u>	<u>\$ 2,034</u>	<u>\$ 290,632</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 YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Milford Center, Union County, (the Village) as a body corporate and politic. A publicly elected, six-member Council directs the Village. The Village provides street repair and maintenance; water and sewer utilities. The Village contracts with the Union County Sheriff's department to provide security of persons and property. The Village contracts with Union Township to receive fire protection services.

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

B. Accounting Basis

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.

C. 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 (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF MILFORD CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. 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 has the following significant Special Revenue Funds:

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

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing State roads.

3. 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 Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

4. Fiduciary Funds (Agency Funds)

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

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

E. Budgetary Process

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

VILLAGE OF MILFORD CENTER
UNION COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

**VILLAGE OF MILFORD CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. 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.

5. 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.

G. Property, Plant and Equipment

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

2. EQUITY IN POOLED DEPOSITS

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

	2015	2014
Demand deposits	\$ 662,154	\$ 684,213
Total deposits	662,154	684,213
STAR Ohio	47,686	47,635
Total deposits and investments	\$ 709,840	\$ 731,848

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

**VILLAGE OF MILFORD CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 174,184	\$ 210,705	\$ 36,521
Special Revenue	23,700	31,258	7,558
Enterprise	378,000	390,750	12,750
Total	\$ 575,884	\$ 632,713	\$ 56,829

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 214,292	\$ 161,685	\$ 52,607
Special Revenue	158,619	107,857	50,762
Enterprise	437,418	385,179	52,239
Total	\$ 810,329	\$ 654,721	\$ 155,608

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 171,220	\$ 215,875	\$ 44,655
Special Revenue	30,745	29,198	(1,547)
Enterprise	401,832	372,601	(29,231)
Total	\$ 603,797	\$ 617,674	\$ 13,877

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 157,696	\$ 108,501	\$ 49,195
Special Revenue	34,290	18,141	16,149
Enterprise	490,729	376,957	113,772
Total	\$ 682,715	\$ 503,599	\$ 179,116

4. 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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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.

**VILLAGE OF MILFORD CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
1993 USDA Mortgage Revenue Bonds – Wastewater System	\$ 508,550	5.25%
OWDA #3751 Water Tower	155,415	4.84%
OWDA #2049 Water System Improvements	62,646	5.94%
OWDA #2946 Water Treatment Plant Lines & Tower Renovation	21,564	6.58%
OWDA #5728 Waterline Replacement	358,064	2.00%
OPWC Water System Improvements	131,865	0.00%
Total	\$ 1,238,104	

The Village issued 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.

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

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

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

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

**VILLAGE OF MILFORD CENTER
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT (Continued)

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

Year Endind December 31,	Mortgage Revenue Bonds	OWDA Loans	OPWC Loans
2016	\$ 44,722	\$ 48,525	\$ 4,976
2017	44,778	48,869	4,976
2018	43,780	49,234	4,976
2019	44,763	49,622	4,976
2020	44,680	47,182	4,976
2021-2025	221,972	183,948	24,880
2026-2030	221,065	136,709	24,880
2031-2035	132,810	88,640	24,880
2036-2040	-	88,640	24,880
2041-2042	-	17,728	7,465
Total	<u>\$ 798,570</u>	<u>\$ 759,097</u>	<u>\$ 131,865</u>

6. RETIREMENT SYSTEMS

The Village's 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10.0% of their gross salaries, and the Village contributed an amount equaling 14.0% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor principally the federal government. 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 YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

9. ADVANCES

During 2015 and 2014, the following advances were made to repay a portion of the outstanding principal and interest on the manuscript debt issued during 2011. These advances were determined to be appropriate and in compliance with the Ohio Revised Code:

2015 Advances

	<u>Advances In</u>	<u>Advances Out</u>
Sewer Operating Fund	\$ -	\$ (18,000)
General Fund	18,000	-
Total	<u>\$ 18,000</u>	<u>\$ (18,000)</u>

2014 Advances

	<u>Advances In</u>	<u>Advances Out</u>
Sewer Operating Fund	\$ -	\$ (18,000)
General Fund	18,000	-
Total	<u>\$ 18,000</u>	<u>\$ (18,000)</u>



428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

July 27, 2016

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Milford Center**, Union County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated July 27, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.



...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 27, 2016.

Purpose of this Report

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



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

VILLAGE OF MILFORD CENTER
UNION COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-001

Material Weakness

Posting Receipts, Disbursements and Fund Balances

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. Fund balances should be classified in accordance with GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions.

During 2015 and 2014, several receipts, disbursements and fund balances were not posted to accurate classifications. The following posting errors were noted:

- Debt payments were not properly recorded as Principal Retirement and Interest and Other Fiscal Charges in 2014 and 2015;
- Miscellaneous disbursements were improperly recorded as Interest and Other Fiscal Charges in the General Fund in 2014 and 2015;
- General Fund outstanding encumbrances were incorrectly classified as Unassigned instead of Assigned in 2014;
- The Village improperly transferred money out of the General Fund to create an unallowable Special Revenue Fund in 2014;
- The Village improperly recorded Advances Out of the Sewer Fund and Advances In to the General Fund in 2014 and 2015;

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

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 and expenditures are properly identified and classified on the financial statements.

We 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 accounts. We also recommend the Fiscal Officer refer to Auditor of State Technical Bulletin 2011-004 for assistance in classifying fund balances.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF MILFORD CENTER
UNION COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-002

Material Weakness/Noncompliance

Ohio Revised Code Section 117.38 states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village filed the 2014 and 2015 Annual Financial Reports late with the Auditor of State's office.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF MILFORD CENTER
UNION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	5705.10(H)	Yes	N/A
2013-002	Financial Reporting	No	Not Corrected; Repeated as Finding 2015-001

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Dave Yost • Auditor of State

VILLAGE OF MILFORD CENTER

UNION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 18, 2016