



Dave Yost • Auditor of State

VILLAGE OF MILLBURY
WOOD COUNTY

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Dave Yost • Auditor of State

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 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 Millbury, Wood County, Ohio (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.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 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 Millbury, Wood County, Ohio 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2017, 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.



Dave Yost
Auditor of State

Columbus, Ohio

January 5, 2017

**VILLAGE OF MILLBURY
WOOD 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$37,224			\$37,224
Municipal Income Tax		\$202,832		202,832
Intergovernmental	19,455	78,860		98,315
Special Assessments		47,468		47,468
Charges for Services	6,360			6,360
Fines, Licenses and Permits	16,441			16,441
Earnings on Investments	250	68	\$229	547
Miscellaneous	3,459			3,459
<i>Total Cash Receipts</i>	<u>83,189</u>	<u>329,228</u>	<u>229</u>	<u>412,646</u>
Cash Disbursements				
Current:				
Security of Persons and Property	34,000	46,730		80,730
Leisure Time Activities	23,322			23,322
Community Environment	3,738			3,738
Basic Utility Services	78,008			78,008
Transportation	16,340	66,309	527	83,176
General Government	82,904	19,875		102,779
Capital Outlay			136,202	136,202
Debt Service:				
Principal Retirement			34,233	34,233
Interest and Fiscal Charges			659	659
<i>Total Cash Disbursements</i>	<u>238,312</u>	<u>132,914</u>	<u>171,621</u>	<u>542,847</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(155,123)</u>	<u>196,314</u>	<u>(171,392)</u>	<u>(130,201)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds			123,103	123,103
Transfers In	137,830		59,070	196,900
Transfers Out		(196,900)		(196,900)
Other Financing Uses	(546)			(546)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>137,284</u>	<u>(196,900)</u>	<u>182,173</u>	<u>122,557</u>
<i>Net Change in Fund Cash Balances</i>	<u>(17,839)</u>	<u>(586)</u>	<u>10,781</u>	<u>(7,644)</u>
<i>Fund Cash Balances, January 1</i>	<u>110,734</u>	<u>97,209</u>	<u>\$265,409</u>	<u>473,352</u>
Fund Cash Balances, December 31				
Restricted		85,219		85,219
Committed		11,404	276,190	287,594
Unassigned	92,895			92,895
<i>Fund Cash Balances, December 31</i>	<u>\$92,895</u>	<u>\$96,623</u>	<u>\$276,190</u>	<u>\$465,708</u>

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

VILLAGE OF MILLBURY
WOOD COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$16,749</u>
Operating Cash Disbursements	
Contractual Services	1,685
Supplies and Materials	<u>14,850</u>
<i>Total Operating Cash Disbursements</i>	<u>16,535</u>
<i>Net Change in Fund Cash Balances</i>	214
<i>Fund Cash Balances, January 1</i>	<u>20,006</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$20,220</u></u>

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

**VILLAGE OF MILLBURY
WOOD 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	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$37,076			\$37,076
Municipal Income Tax		\$197,677		197,677
Intergovernmental	18,814	77,123		95,937
Special Assessments		49,547		49,547
Charges for Services	2,567			2,567
Fines, Licenses and Permits	15,995			15,995
Earnings on Investments	164	37	\$124	325
Miscellaneous	1,130			1,130
<i>Total Cash Receipts</i>	<u>75,746</u>	<u>324,384</u>	<u>124</u>	<u>400,254</u>
Cash Disbursements				
Current:				
Security of Persons and Property	32,999	47,724		80,723
Leisure Time Activities	27,200			27,200
Community Environment	4,674			4,674
Basic Utility Services	71,773			71,773
Transportation	16,533	81,022	3,916	101,471
General Government	95,858	18,259		114,117
Capital Outlay			\$70,055	70,055
Debt Service:				
Principal Retirement			7,895	7,895
<i>Total Cash Disbursements</i>	<u>249,037</u>	<u>147,005</u>	<u>81,866</u>	<u>477,908</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(173,291)</u>	<u>177,379</u>	<u>(81,742)</u>	<u>(77,654)</u>
Other Financing Receipts (Disbursements)				
Transfers In	166,075		71,175	237,250
Transfers Out		(237,250)		(237,250)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>166,075</u>	<u>(237,250)</u>	<u>71,175</u>	
<i>Net Change in Fund Cash Balances</i>	(7,216)	(59,871)	(10,567)	(77,654)
<i>Fund Cash Balances, January 1</i>	<u>117,950</u>	<u>157,080</u>	<u>275,976</u>	<u>551,006</u>
Fund Cash Balances, December 31				
Restricted		72,292		72,292
Committed		24,917	265,409	290,326
Assigned	96,011			96,011
Unassigned	14,723			14,723
<i>Fund Cash Balances, December 31</i>	<u>\$110,734</u>	<u>\$97,209</u>	<u>\$265,409</u>	<u>\$473,352</u>

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

**VILLAGE OF MILLBURY
WOOD COUNTY**

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

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$16,517
Operating Cash Disbursements	
Contractual Services	4,488
Supplies and Materials	7,820
<i>Total Operating Cash Disbursements</i>	12,308
<i>Net Change in Fund Cash Balances</i>	4,209
<i>Fund Cash Balances, January 1</i>	15,797
<i>Fund Cash Balances, December 31</i>	\$20,006

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

**VILLAGE OF MILLBURY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 the 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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

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

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

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

Street Construction Maintenance and Repair – This 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 – This fund accounts for and reports levy monies that are restricted for police services within the Village.

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:

Capital Projects Fund – This fund accounts for and transfers from the Village Income Tax Fund that are restricted for capital acquisitions or improvements.

**VILLAGE OF MILLBURY
WOOD COUNTY**

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

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 – This 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 carried over, and need not be reappropriated.

A summary of 2015 and 2014 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.

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

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

**VILLAGE OF MILLBURY
WOOD COUNTY**

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

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

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

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

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

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

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

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

Note 3 – Budgetary Activity

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$208,774	\$221,019	\$12,245
Special Revenue	319,442	329,228	9,786
Capital Projects	90,000	182,402	92,402
Enterprise	16,600	16,749	149
Total	\$634,816	\$749,398	\$114,582

**VILLAGE OF MILLBURY
WOOD COUNTY**

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

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$304,785	\$238,858	\$65,927
Special Revenue	355,646	329,814	25,832
Capital Projects	208,103	171,621	36,482
Enterprise	26,000	16,535	9,465
Total	<u>\$894,534</u>	<u>\$756,828</u>	<u>\$137,706</u>

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$208,697	\$241,821	\$33,124
Special Revenue	322,983	324,384	1,401
Capital Projects	110,000	71,299	(38,701)
Enterprise	16,600	16,517	(83)
Total	<u>\$658,280</u>	<u>\$654,021</u>	<u>(\$4,259)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$317,255	\$249,037	\$68,218
Special Revenue	413,440	384,255	29,185
Capital Projects	85,000	81,866	3,134
Enterprise	26,000	12,308	13,692
Total	<u>\$841,695</u>	<u>\$727,466</u>	<u>\$114,229</u>

Note 4 – Deposits and Investments

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

	<u>2015</u>	<u>2014</u>
Demand deposits	\$67,190	\$75,164
Certificates of deposit	160,321	160,051
Total deposits	227,511	235,215
STAR Ohio	258,417	258,143
Total deposits and investments	<u>\$485,928</u>	<u>\$493,358</u>

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

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

**VILLAGE OF MILLBURY
WOOD COUNTY**

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

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 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**VILLAGE OF MILLBURY
WOOD COUNTY**

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

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014:

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</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

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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

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 of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
OPWC #1 - Cherry Street Storm Sewer	\$72,822	0%
OPWC #2 - Center Street Storm Sewer	57,711	0%
Genoa Banking Company Truck Loan	96,765	3.15%
Total	<u>\$227,298</u>	

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 secure this 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, 2017

**VILLAGE OF MILLBURY
WOOD COUNTY**

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

and due January 1, 2027. The loan will be repaid from the Capital Projects fund. No assets are pledged to secure this loan.

The Genoa Banking Company truck loan relates to a truck/snow plow that the Village purchased in February 2015. Genoa Banking Company approved a \$123,103, 3.15% loan to the Village for this purchase. The Village will repay the loan in annual installments of \$26,997 over 5 years, beginning February 2015 and due February 2019. The loan will be repaid from the Capital Projects fund. The truck is pledged to secure this loan.

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

Year ending December 31:	OPWC Loan #1	OPWC Loan #2	Genoa Banking Truck Loan
2016	\$2,648	\$5,246	\$26,997
2017	2,648	5,247	26,997
2018	2,648	5,246	26,997
2019	2,648	5,247	26,997
2020	2,648	5,246	
2021-2025	13,240	26,232	
2026-2030	13,240	5,247	
2031-2035	13,240		
2036-2040	13,240		
2041-2045	6,622		
Total	<u>\$72,822</u>	<u>\$57,711</u>	<u>\$107,988</u>

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Dave Yost • Auditor of State

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 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 Millbury, Wood County, Ohio (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 January 5, 2017 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 opinion 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

January 5, 2017

**VILLAGE OF MILLBURY
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness – Financial Reporting

Accurate financial reporting is the responsibility of the Clerk-Treasurer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The fiscal year 2015 and 2014 financial statements contained errors, such as the following:

- Other Debt Proceeds receipts and Capital Outlay payments totaling \$123,103 were not posted in the Capital Projects Fund when a new truck was purchased and financed by the Village in 2015.
- In 2015 and 2014, Charges for Services revenue was improperly posted as Special Assessment revenue in the Enterprise Fund in the amounts of \$16,749 and \$16,517, respectively.
- Homestead and Rollback revenues totaling \$6,917 and \$6,870 were posted as Property Taxes in the General Fund in 2015 and 2014, respectively, instead of as Intergovernmental revenue.
- In 2015, Principal Retirement and Interest and Fiscal Charges were improperly posted as Capital Outlay disbursements in the Capital Projects Funds in the amounts of \$26,338 and \$659, respectively.

The Village lacked a policy regarding financial review which contributed to these posting errors occurring without detection. Adjusting entries were posted to the financial statements and the Village's financial records to correct these errors.

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 to identify and correct errors and omissions. The Clerk-Treasurer should also review the UAN chart of accounts and the Village Officer's Handbook's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

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Dave Yost • Auditor of State

VILLAGE OF MILLBURY

WOOD 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
FEBRUARY 2, 2017