



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF MILLBURY  
WOOD COUNTY

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## 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, 2019 and 2018.

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

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

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

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

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

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

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Efficient • Effective • Transparent

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

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

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

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

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

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

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

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

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020, 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.

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

Keith Faber  
Auditor of State

Columbus, Ohio

October 14, 2020

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**Village of Millbury, Ohio**  
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, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$40,291	\$36,837		\$77,128
Municipal Income Tax		305,460		305,460
Intergovernmental	23,632	160,939		184,571
Special Assessments		14,135		14,135
Charges for Services	3,554			3,554
Fines, Licenses and Permits	18,769			18,769
Earnings on Investments	6,822	1,739		8,561
Miscellaneous	18,788			18,788
<i>Total Cash Receipts</i>	<u>111,856</u>	<u>519,110</u>		<u>630,966</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	25,000	59,520		84,520
Leisure Time Activities	44,201			44,201
Community Environment	4,344			4,344
Basic Utility Services	78,000			78,000
Transportation	12,214	80,682	\$4,268	97,164
General Government	84,343	24,850		109,193
Capital Outlay		3,095	20,882	23,977
Debt Service:				
Principal Retirement			26,280	26,280
Interest and Fiscal Charges			1,170	1,170
<i>Total Cash Disbursements</i>	<u>248,102</u>	<u>168,147</u>	<u>52,600</u>	<u>468,849</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(136,246)</u>	<u>350,963</u>	<u>(52,600)</u>	<u>162,117</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	195,026		83,582	278,608
Transfers Out		(278,608)		(278,608)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>195,026</u>	<u>(278,608)</u>	<u>83,582</u>	
<i>Net Change in Fund Cash Balances</i>	58,780	72,355	30,982	162,117
<i>Fund Cash Balances, January 1</i>	<u>395,966</u>	<u>148,321</u>	<u>81,084</u>	<u>625,371</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		220,676		220,676
Committed			112,066	112,066
Unassigned	454,746			454,746
<i>Fund Cash Balances, December 31</i>	<u>\$454,746</u>	<u>\$220,676</u>	<u>\$112,066</u>	<u>\$787,488</u>

See accompanying notes to the basic financial statements

**Village of Millbury, Ohio**  
*Wood County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balance (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2019*

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	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$17,155
<b>Operating Cash Disbursements</b>	
Contractual Services	7,101
<i>Net Change in Fund Cash Balance</i>	10,054
<i>Fund Cash Balance, January 1</i>	64,569
<i>Fund Cash Balance, December 31</i>	\$74,623

*See accompanying notes to the basic financial statements*

**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Millbury (the Village), Wood County, Ohio 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 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 Fund*** 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 reports transfers from the Village Income Tax fund that are restricted for capital acquisitions or improvements.

**Village of Millbury, Ohio**  
Wood County  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2019

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**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 canceled, and reappropriated in the subsequent year.

A summary of 2019 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

***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.

**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Fund Balance**

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

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$294,245	\$306,882	\$12,637
Special Revenue	448,519	519,110	70,591
Capital Projects	82,500	83,582	1,082
Enterprise	45,600	17,155	(28,445)
Total	\$870,864	\$926,729	\$55,865

**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$308,135	\$248,102	\$60,033
Special Revenue	548,810	446,755	102,055
Capital Projects	160,000	52,600	107,400
Enterprise	65,000	7,101	57,899
Total	<u>\$1,081,945</u>	<u>\$754,558</u>	<u>\$327,387</u>

**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	\$422,740
Certificates of deposit	165,340
Total deposits	588,080
STAR Ohio	274,031
Total deposits and investments	\$862,111

***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.

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

**Village of Millbury, Ohio**  
Wood County  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	( 11,329,011)
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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.

**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

**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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
OPWC - Cherry Street Storm Sewer	\$63,554	0%
OPWC - Center Street Storm Sewer	<u>39,349</u>	0%
Total	<u><u>\$102,903</u></u>	

The Ohio Public Works Commission (OPWC) Loan (Cherry Street Storm Sewer) 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 the 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 (Center Street Storm Sewer) relates to a Center Street storm sewer project by the Village. The OPWC approved a \$104,930, zero percent loan to the Village for the 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 secure this loan.



**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Amortization**

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OPWC Loan Cherry Street Storm Sewer	OPWC Loan Center Street Storm Sewer
2020	\$2,648	\$5,246
2021	2,648	5,247
2022	2,648	5,246
2023	2,648	5,247
2024	2,648	5,246
2025-2029	13,241	13,117
2030-2034	13,241	
2035-2039	13,240	
2040-2043	10,592	
Total	\$63,554	\$39,349

**Note 10 – Transfers**

During 2019, the Income Tax Special Revenue fund made transfers totaling \$278,608, in accordance with the Village's income tax ordinance. Of this, \$195,026 was transferred to the General fund, and the remaining \$83,582 was transferred to the Capital Projects fund.

**Note 11 – Subsequent Event**

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

**Note 12 – Related Party**

Contrary to the requirements of the Revised Code, Councilmember Sharon Schwamberger did not abstain from voting on approving the employment of her husband, Bruce Schwamberger, as Street Commissioner in 2018. The Village made payments to Bruce Schwamberger totaling \$3,600 in 2019, for his position as Street Commissioner.

**Note 13 – Miscellaneous Revenues**

During 2019, the Village received significant General fund miscellaneous revenues, primarily consisting of Verizon Wireless land lease payments, totaling \$10,800, as well as a donation totaling \$6,417.

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**Village of Millbury, Ohio**  
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, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$39,995	\$36,546		\$76,541
Municipal Income Tax		294,866		294,866
Intergovernmental	18,272	119,234		137,506
Special Assessments		12,102		12,102
Charges for Services	60			60
Fines, Licenses and Permits	19,469			19,469
Earnings on Investments	5,701	1,083		6,784
Miscellaneous	11,818			11,818
<i>Total Cash Receipts</i>	<u>95,315</u>	<u>463,831</u>		<u>559,146</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	25,000	58,824		83,824
Leisure Time Activities	42,505			42,505
Community Environment	3,748			3,748
Basic Utility Services	75,482			75,482
Transportation	13,030	79,170	\$3,434	95,634
General Government	95,748	24,640		120,388
Capital Outlay			41,664	41,664
Debt Service:				
Principal Retirement			33,442	33,442
Interest and Fiscal Charges			1,450	1,450
<i>Total Cash Disbursements</i>	<u>255,513</u>	<u>162,634</u>	<u>79,990</u>	<u>498,137</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(160,198)</u>	<u>301,197</u>	<u>(79,990)</u>	<u>61,009</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	185,900		79,671	265,571
Transfers Out		(265,571)		(265,571)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>185,900</u>	<u>(265,571)</u>	<u>79,671</u>	
<i>Net Change in Fund Cash Balances</i>	25,702	35,626	(319)	61,009
<i>Fund Cash Balances, January 1</i>	<u>370,264</u>	<u>112,695</u>	<u>81,403</u>	<u>564,362</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		148,321		148,321
Committed			81,084	81,084
Assigned	13,890			13,890
Unassigned	382,076			382,076
<i>Fund Cash Balances, December 31</i>	<u>\$395,966</u>	<u>\$148,321</u>	<u>\$81,084</u>	<u>\$625,371</u>

See accompanying notes to the basic financial statements

**Village of Millbury, Ohio**  
*Wood County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balance (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2018*

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	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$17,147</u>
<b>Operating Cash Disbursements</b>	
Contractual Services	<u>2,605</u>
<i>Net Change in Fund Cash Balances</i>	14,542
<i>Fund Cash Balances, January 1</i>	<u>50,027</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$64,569</u></u>

*See accompanying notes to the basic financial statements*

**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Village of Millbury (the Village), Wood County, Ohio 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 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 reports transfers from the Village Income Tax fund that are restricted for capital acquisitions or improvements.

**Village of Millbury, Ohio**  
Wood County  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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 canceled, and reappropriated in the subsequent year.

A summary of 2018 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

***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.

**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Fund Balance**

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

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$262,487	\$281,215	\$18,728
Special Revenue	422,279	463,831	41,552
Capital Projects	75,000	79,671	4,671
Enterprise	16,600	17,147	547
Total	\$776,366	\$841,864	\$65,498

**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$314,955	\$255,513	\$59,442
Special Revenue	471,680	428,205	43,475
Capital Projects	140,000	79,990	60,010
Enterprise	36,000	2,605	33,395
Total	\$962,635	\$766,313	\$196,322

**Note 4 – Deposits and Investments**

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

	2018
Demand deposits	\$259,133
Certificates of deposit	163,053
Total deposits	422,186
STAR Ohio	267,754
Total deposits and investments	\$689,940

***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.

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



**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. 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. 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. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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, 2018.

**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

**Note 9 – Debt**

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

	Principal	Interest Rate
OPWC - Cherry Street Storm Sewer	\$64,878	0.00%
OPWC - Center Street Storm Sewer	41,972	0.00%
Genoa Banking Co. Truck Loan	22,332	3.15%
Total	\$106,850	

The Ohio Public Works Commission (OPWC) Loan (Cherry Street Storm Sewer) relates to a Cherry Street storm sewer project by the Village. The OPWC approved a \$79,442, zero percent loan to the Village for the 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 (Center Street Storm Sewer) relates to a Center Street storm sewer project by the Village. The OPWC approved a \$104,930, zero percent loan to the Village for the 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 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 percent 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.

**Village of Millbury, Ohio**  
*Wood County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Amortization**

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

Year Ending December 31:	OPWC Loan Cherry Street Storm Sewer	OPWC Loan Center Street Storm Sewer	Genoa Banking Co. Loan
2019	\$1,324	\$2,623	\$23,504
2020	2,648	5,246	
2021	2,648	5,247	
2022	2,648	5,246	
2023	2,648	5,247	
2024-2028	13,241	18,363	
2029-2033	13,240		
2034-2038	13,241		
2039-2043	13,240		
Total	<u>\$64,878</u>	<u>\$41,972</u>	<u>\$23,504</u>

**Note 10 – Transfers**

During 2018, the Income Tax Special Revenue fund made transfers totaling \$265,571, in accordance with the Village's income tax ordinance. Of this, \$185,900 was transferred to the General fund, and the remaining \$79,671 was transferred to the Capital Projects fund.

**Note 11 – Subsequent Event**

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

**Note 12 – Related Party**

Contrary to the requirements of the Revised Code, Councilmember Sharon Schwamberger did not abstain from voting on approving the employment of her husband, Bruce Schwamberger, as Street Commissioner in 2018. The Village made payments to Bruce Schwamberger totaling \$300 in 2018, for his position as Street Commissioner.

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(419) 245-2811 or (800) 443-9276  
NorthwestRegion@ohioauditor.gov

**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, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated October 14, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

October 14, 2020

**VILLAGE OF MILLBURY  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**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. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying financial statements:

- In 2019, charges for services revenue in the amount of \$4,260 was improperly posted as special assessment revenue in the Storm Water Utility Fund.
- In 2019, property tax revenue and intergovernmental revenue, in the amounts of \$36,837 and \$6,147, respectively, were incorrectly recorded as special assessment revenue in the Police Protection Fund.
- In 2019, the Village paid the remaining truck loan balance. The loan was paid off early, therefore the Village incurred a penalty of \$447 that was improperly posted as principal retirement instead of interest and fiscal charges in the Capital Projects Fund.
- In 2019 and 2018, land lease receipts were incorrectly recorded as charges for services within the General Fund in the amount of \$10,800 instead of as miscellaneous revenue.
- Committed fund balance within the Capital Projects Fund in the amounts of \$112,066 and \$81,084 were incorrectly classified as restricted in 2019 and 2018, respectively.
- In 2018, an intergovernmental revenue receipt in the amount of \$3,089 was improperly posted as property tax revenue in the Police Protection Fund.
- In 2018, the Village posted two disbursements for engineering services related to a road project totaling \$2,318 to the wrong fund. They were improperly charged to the Storm Water Utility Fund instead of the Other Capital Projects Fund.
- In 2018, General Fund subsequent year appropriations in excess of estimated receipts were incorrectly classified as unassigned instead of assigned fund balance in the amount of \$13,890.
- In 2018, property tax revenue and intergovernmental revenue, in the amounts of \$19,483 and \$3,065, respectively were incorrectly recorded as special assessment revenue in the Police Protection Fund.
- In 2018, the Village posted all debt payments for the truck loan to principal retirement, however; \$1,450 should have been recorded as interest and fiscal charges in the Capital Projects Fund.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Village Council making misinformed decisions. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors. Additional errors were noted in smaller relative amounts.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt and procedures, including a final review of the financial statements and notes to the financial statements by the Clerk-Treasurer and Village Council, to identify and correct errors and omissions. In addition, the Clerk-Treasurer should review Ohio Auditor of State Audit Bulletin 2011-004 for guidance on GASB Statement No. 54.

**Officials' Response**

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



**VILLAGE OF MILLBURY**  
2430 Main Street  
P.O. Box 155  
Millbury, Ohio 43447-0155

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2019 and 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Finding was first issued in the 2015-2014 audit. Material weakness due to errors over financial reporting.	Not corrected and repeated as Finding 2019-001 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 errors and will review the proper procedures and make corrections in the future.

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# 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 11/5/2020**

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

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