



Dave Yost • Auditor of State



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July 16, 2018

Village of Milton Center
Wood County
22230 Defiance Street
Milton Center, Ohio 43541

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of Milton Center, Wood County, Ohio (the Village) for the years ended December 31, 2016 and 2015.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Village's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Village's financial statements, transactions or balances for the years ended December 31, 2016 and 2015.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance and accounting issues to report.

Current Year Observations

1. Estimated receipts are not posted to the receipts journal. This circumvents the necessary review process of the Village Council. Estimated receipts should be posted to the receipts journal and reviewed by the Council monthly to assure the budgetary process of the Village is being adhered to.
2. **Ohio Rev. Code § 2921.42(A)(1)** provides that no public official shall knowingly authorize or employ the authority or influence of the public official's office to secure authorization of any public contract in which the public official, a member of the public official's family, or any of the public official's business associates has an interest. **Ohio Rev. Code § 2921.42(H)** provides that any public contract in which a public official, a member of the public official's family, or any of the public official's business associates has an interest in violation of this section is void and unenforceable.

Lydia Sifuentes, Debra Plath, Victoria Torres, and Larry Richendollar, in their capacity as members of the Village Council, approved the following:

- Check number 8890 to Lydia Sifuentes totaling \$240 in 2016 for the purpose of work done for the Village;
- Check number 8891 to Debra Plath totaling \$945 in 2016 for the purpose of work done for the Village;
- Check number 8892 to Victoria Torres totaling \$60 in 2016 for the purpose of work done for the Village;
- Check number 8893 to Larry Richendollar totaling \$95 in 2016 for the purpose of work done for the Village;

There is no evidence that any of the above-noted members of Council abstained from voting on the above contracts and payments. In addition, the only support available for the reimbursement of these expenditures was the payment voucher signed by Victoria Torres. Documentation of the work completed or the hours worked was not able to be provided.

Members of Council should abstain from voting on contracts or payments to themselves and/or members of their families.

This matter will be referred to the Ohio Ethics Commission for their consideration.

3. The Fiscal Officer prepared a reconciliation of bank balances to book balances; however, various footing errors were noted, the Star Ohio balance from the December 2016 bank statement did not agree with the balance documented, and the reconciled bank balance did not agree to the documented fund balance.

Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending. In addition, the Village's small size requires Council involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties.

Due care should be used in the preparation of bank reconciliations. In addition, bank reconciliations should be provided to, reviewed by, and approved by the Village Council.

4. In 2016, the Village stopped withholding and remitting Medicare, State Income Taxes, School District Taxes, and Social Security from all Village employees. The 2016 withholdings and employer's share was remitted during 2018. The Village should implement policies and procedures to ensure that the required amounts are withheld and remitted to the appropriate agencies.
5. **Ohio Rev. Code § 117.38** requires entities to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2016 and 2015 fiscal year ends, subsequent to the entity's deadline where the initial filing was filed on time but incomplete. Financial information was filed on May 14, 2018 for fiscal year ending December 31, 2016 which was not within the allotted timeframe. Financial information was filed January 31, 2016 for fiscal year ending December 31, 2015 which was within the allotted timeframe; however, the financial statements did not include the notes to the financial statements as required.

Current Status of Matters Reported in our Prior Engagement

In addition to the budgetary matter reported in item 1 above, our prior audit for the years ended December 31, 2014 and 2013 included a finding for recovery of \$1,340 against the various Village officials. The receipts journal recorded the repayment of this amount on April 30, 2016.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

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VILLAGE OF MILTON CENTER

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
JULY, 31 2018