



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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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, 2018 and 2017.

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, 2018 and 2017.

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. **Ohio Rev. Code § 5705.38(A)** requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1st. Due to deficiencies in the Village's controls, the Village did not pass appropriations for 2018 or 2017. Because appropriations authorize spending, failing to appropriate could result in deficit spending. The Village should pass its annual appropriation measure on or about the first day of the fiscal year.
2. Sound accounting practices require accurately posting estimated receipts to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters. Due to deficiencies in the Village's controls, estimated receipts were not posted to the receipts journal. Failing to accurately post estimated receipts to the ledgers could result in overspending and negative cash balances. Estimated receipts should be posted to the receipts journal and reviewed by the Council monthly.
3. We examined the bank reconciliation prepared as of December 31, 2018. Due to deficiencies in the Village's controls, the Star Ohio account was not included in the reconciliation. In addition, the book balance in the reconciliation did not agree to the Village's recorded book balance, with a variance of \$1,860.

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. Also, the Village's small size requires

Village 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. **Ohio Revised Code § 117.38** provides that each public office shall file a financial report for each fiscal year. The report shall be filed with the Auditor of State within sixty days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

Due to deficiencies in the Village's controls over financial reporting, the Village filed their annual report with the Auditor of State for the fiscal year ended December 31, 2018 on September 27, 2019. This filing was due March 1, 2019. The Village filed their annual report with the Auditor of State for the fiscal year ended December 31, 2017 on June 4, 2019. This filing was due March 1, 2018. Failing to file by the due date could result in penalties of \$25 per day up to a maximum of \$750.

The Village should adopt control procedures to help ensure the Village files annual financial reports within the sixty day filing requirement.

#### **Current Status of Matters Reported in our Prior Engagement**

Items 2, 3, and 4 noted above were also reported in our prior engagement for the years ended December 31, 2016 and 2015.



Keith Faber  
Auditor of State

Columbus, Ohio

November 15, 2019

OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
DECEMBER 5, 2019**