



Dave Yost • Auditor of State



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Village of Ludlow Falls
Miami County
P.O. Box 159
Ludlow Falls, Ohio 45339

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 Ludlow Falls, Miami County, (the Village) for the years ended December 31, 2017 and 2016.

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, 2017 and 2016.

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 or accounting issues to report.

Current Year Observations

1. At year-end 2017, the Village's bank reconciliation reported a balance of \$13,596 for "savings/cd". However, the year-end 2017 savings and cd account statements showed a total balance of only \$11,818. Therefore, the Village had a reconciling error of \$1,778, with the Village's manual records reporting a cash balance greater than the Village's reconciled bank balance. After further review, it was determined that the Village's book balance was actually overstated due to an IRS levy that occurred in August 2013. The IRS levy was \$2,266 with an additional \$75 fee, both of which were withdrawn from the Village's bank account. However, this transaction was not recorded in the Village's manual records. Therefore, the Village's manual records reported an overstated fund balance in an amount of \$2,341 since August 2013. After considering the unrecorded expenditure, the Village's true reconciling error was \$563 at December 31, 2017, with the Village's reconciled bank balance being greater than the book balance.

Failure to use the actual bank account balances in the bank reconciliation and investigate any unreconciled differences could lead to reconciling errors and irregularities that may not be identified in a timely manner. Additionally, failure to properly reconcile all bank accounts to the Village's books with no unsupported reconciling items could lead to a loss of eligibility for reduced audit services in the future and possibly being declared unauditible.

The Village should implement procedures to verify that monthly bank reconciliations are performed properly and use bank balances directly from the bank account statements. Any reconciling error should be investigated and corrected promptly. Additionally, all monthly bank reconciliations should be reviewed by the Village Council for completeness and accuracy.

Current Year Observations (Continued)

2. Ohio Rev. Code Section 117.38 states, in part, that each public office, other than a state agency, 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 Village filed its annual financial reports with the Auditor of State on August 10, 2018 for fiscal years ending December 31, 2017 and 2016.

The Village should implement policies and procedures to verify its annual financial report is filed on or before sixty days after the close of the fiscal year and that the filed report is complete (including notes to the financial statements) and accurate.

3. Ohio Rev. Code Section 5747.06(A) states that except as provided in division (E)(3) of this section, every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year.

The Village paid state income tax in the amount of \$154 for 2017 in January 2018. However, there was no indication that this amount agreed to actual withholdings or the state tax form 941-IT for 2017.

The Village should maintain support for the amounts withheld from employee wages and paid to the state. Additionally, the Village should contact the state department of taxation to verify that the proper amount has been paid. Failure to do so could result in assessment of fines and penalties by the state department of taxation.

Current Status of Matters Reported in our Prior Engagement

Similar instances of each of the above issues were reported in our prior engagement.



Dave Yost
Auditor of State

November 9, 2018



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VILLAGE OF LUDLOW FALLS

MIAMI 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
NOVEMBER 27, 2018