

**VILLAGE OF MILFORD CENTER**  
**COLUMBUS REGION, UNION COUNTY**  
**REPORT ON FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  


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 JIM PETRO, AUDITOR OF STATE

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Village of Milford Center  
 12 Railroad Street  
 Milford Center, Ohio 43045

We have reviewed the Independent Auditor's Report of the Village of Milford Center, Union County, prepared by Holbrook & Manter, for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The Village Council authorized the village administrator's salary as five hundred dollars (\$500) per month starting March 1, 1999. Three hundred dollars (\$300) per month prior to March 1, 1999. According to the council approved salary the Village Administrator was to receive an annual compensation of five thousand six hundred dollars (\$5,600). However, in 1999 David LeBeau received annual compensation of six thousand six hundred dollars (\$6,600) for his services as village administrator, an overpayment of one thousand dollars (\$1,000). The overpayment consisted of the following checks:

Check Number	Gross Amount	Net Amount
2747	500.00	401.25
2802	500.00	400.25

The Village Council authorized the clerk's salary as five hundred dollars (\$500) per month. According to the council approved salary the Clerk was to receive an annual compensation of six thousand dollars (\$6,000). However, in 1999 Pamela LeBeau received annual compensation of six thousand five hundred dollars (\$6,500) for her services as village clerk, an overpayment of one thousand five hundred dollars (\$500). The overpayment consisted of the following check:

Check Number	Gross Amount	Net Amount
2805	500.00	427.75

Based on these facts and in accordance with Ohio Rev, Code Section 117.28, a finding for recovery for public monies which were illegally expended is hereby issued against Mr. David LeBeau, Mrs. Pamela LeBeau, and Mr. Robert Mitchell, Jr. in the amount of \$1,500.

Village of Milford Center  
Certification Page  
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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Milford is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

March 28, 2001

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**INDEPENDENT AUDITORS' REPORT**

Village Council  
Village of Milford Center  
Union County  
12 Railroad St.  
Milford Center, Ohio 43045

We have audited the accompanying financial statements of the Village of Milford Center, Union County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Milford Center, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2001 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 grants.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*Holbrook & Manter*

Certified Public Accountants

January 16, 2001  
Marysville, Ohio

**VILLAGE OF MILFORD CENTER**  
**UNION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b><u>GOVERNMENTAL FUND TYPES</u></b>		<b>(Memorandum Only)</b>
	<b><u>General</u></b>	<b><u>Special Revenue</u></b>	<b><u>Total</u></b>
<b>Cash receipts:</b>			
Local taxes	\$ 123,087	\$ 0	\$ 123,087
Intergovernmental	21,151	22,783	43,934
Interest	2,895	0	2,895
Fines, licenses, and permits	4,313	0	4,313
Miscellaneous	4,189	2,138	6,327
<b>Total cash receipts</b>	<b><u>155,635</u></b>	<b><u>24,921</u></b>	<b><u>180,556</u></b>
<b>Cash disbursements:</b>			
Current:			
Security of persons and property	20,547	0	20,547
Public works	15,956	12,347	28,303
Leisure time activities	4,999	0	4,999
Transportation	3,072	26,915	29,987
General government	61,494	384	61,878
<b>Total cash disbursements</b>	<b><u>106,068</u></b>	<b><u>39,646</u></b>	<b><u>145,714</u></b>
<b>Total receipts over/(under) cash disbursements</b>	<b><u>49,567</u></b>	<b><u>( 14,725)</u></b>	<b><u>34,842</u></b>
<b>Other financing receipts/(disbursements):</b>			
Transfers - in	0	24,693	24,693
Transfers - out	( 24,693)	0	( 24,693)
<b>Total other financing receipts/(disbursements)</b>	<b><u>( 24,693)</u></b>	<b><u>24,693</u></b>	<b><u>0</u></b>
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b><u>24,874</u></b>	<b><u>9,968</u></b>	<b><u>34,842</u></b>
<b>Fund cash balances January 1, 1999</b>	<b><u>135,000</u></b>	<b><u>26,862</u></b>	<b><u>161,862</u></b>
<b>Fund cash balances, December 31, 1999</b>	<b><u>\$ 159,874</u></b>	<b><u>\$ 36,830</u></b>	<b><u>\$ 196,704</u></b>

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

**VILLAGE OF MILFORD CENTER**  
**UNION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Enterprise</u>
<b>Operating cash receipts:</b>	
Charges for services	\$ 182,280
Miscellaneous	2,138
	<hr/>
Total operating cash receipts	184,418
<b>Operating cash disbursements:</b>	
Contractual services	88,624
	<hr/>
Operating income/(loss)	95,794
<b>Non-operating cash disbursements:</b>	
Debt service	84,639
	<hr/>
Net receipts over/(under) disbursements	11,155
<b>Fund cash balances, January 1, 1999</b>	<hr/> <b>92,495</b>
<b>Fund cash balances, December 31, 1999</b>	<hr/> <b>\$ 103,650</b> <hr/>

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

**VILLAGE OF MILFORD CENTER**  
**UNION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>GOVERNMENTAL FUND TYPES</b>		<b>(Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Total</b>
<b>Cash receipts:</b>			
Local taxes	\$ 121,518	\$ 0	\$ 121,518
Intergovernmental	15,301	22,813	38,114
Interest	3,561	1,275	4,836
Fines, licenses, and permits	6,352	0	6,352
Miscellaneous	23,895	454	24,349
Total cash receipts	<u>170,627</u>	<u>24,542</u>	<u>195,169</u>
<b>Cash disbursements:</b>			
Current:			
Security of persons and property	8,000	0	8,000
Public works	15,606	14,850	30,456
Leisure time activities	75	0	75
Transportation	45	5,426	5,471
General government	48,838	5,504	54,342
Total cash disbursements	<u>72,564</u>	<u>25,780</u>	<u>98,344</u>
Total receipts over/(under) cash disbursements	<u>98,063</u>	<u>( 1,238)</u>	<u>96,825</u>
<b>Fund cash balances January 1, 1998</b>	<u>36,937</u>	<u>28,100</u>	<u>65,037</u>
<b>Fund cash balances, December 31, 1998</b>	<u>\$ 135,000</u>	<u>\$ 26,862</u>	<u>\$ 161,862</u>

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



**VILLAGE OF MILFORD CENTER**  
**UNION COUNTY**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Enterprise</u>
<b>Operating cash receipts:</b>	
Charges for services	\$ 183,598
Miscellaneous	<u>1,275</u>
Total operating cash receipts	<b>184,873</b>
<b>Operating cash disbursements:</b>	
Contractual services	<u>80,124</u>
Operating income/(loss)	<b>104,749</b>
<b>Non-operating cash disbursements:</b>	
Debt service	<u>72,384</u>
Net receipts over/(under) disbursements	<b>32,365</b>
<b>Fund cash balances, January 1, 1998</b>	<u>60,130</u>
<b>Fund cash balances, December 31, 1998</b>	<b>\$ <u><u>92,495</u></u></b>

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

**VILLAGE OF MILFORD CENTER**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :-**

- A. **Description of the Entity** – The Village of Milford Center, Union County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police protection.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

- B. **Basis of Accounting** - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

- C. **Cash and Investments** - Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

- D. **Fund Accounting** - The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**Street Construction, Maintenance and Repair Fund**

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**State Highway Fund**

This fund receives real estate property tax and personal property tax money for maintaining and repair State Highways that run through the Village.

**Street Improvement Fund**

This fund receives interest revenue for Village street improvements.

**Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant cost of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

**VILLAGE OF MILFORD CENTER**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :-** (continued)

Water Revenue Fund

This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Revenue Fund

This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Reserve Fund

This fund receives interest revenue and is kept as a reserve for future sewer costs.

- E. Budgetary Process** - The Ohio Revised Code requires that each fund (except certain agency funds) 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

The Village did not file the final appropriation for 1998 until April 13, 1998, which is after the required deadline. In 1999, the Village failed to file a final appropriation with the county auditor.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Union County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

During our testing of expenditures all funds were obligated without certification. There was no evidence of subsequent resolutions authorizing payment for such obligations.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

- F. Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS :-**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 212,713	\$ 170,993
STAR Ohio	<u>87,641</u>	<u>83,364</u>
Total deposits and investments	<u>\$ 300,354</u>	<u>\$ 254,357</u>

**VILLAGE OF MILFORD CENTER**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**

**NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS:-** (continued)

**Deposits** - The Village's deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village.

**Investments** – Investment in STAR Ohio is not evidenced by securities that exist in physical or book entry form.

**NOTE 3 – BUDGETARY ACTIVITY:-**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

<b>1999 Budgeted VS. Actual Receipts</b>			
	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$ 0	\$ 155,635	\$ 155,635
Special Revenue	0	49,614	49,614
Enterprise	0	184,418	184,418
Total	\$ 0	\$ 389,667	\$ 389,667

The Village did not file a Certificate of Estimated Resources with the County Auditor for the year ended December 31, 1999.

<b>1999 Budgeted VS. Actual Budgetary Basis Expenditures</b>			
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 130,761	\$ ( 130,761)
Special Revenue	0	39,646	( 39,646)
Enterprise	0	173,263	( 173,263)
Total	\$ 0	\$ 343,670	\$ ( 343,670)

The Village did not file an Appropriation Measure with the County Auditor for the year ended December 31, 1999.

**VILLAGE OF MILFORD CENTER**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**

**NOTE 3 – BUDGETARY ACTIVITY:-** (continued)

<b>1998 Budgeted VS. Actual Receipts</b>			
	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$ 150,364	\$ 170,627	\$ 20,263
Special Revenue	69,096	24,542	( 44,554)
Capital Projects	13,645	0	( 13,645)
Enterprise	231,628	184,873	( 46,755)
Total	\$ 464,733	\$ 380,042	\$ ( 84,691)

<b>1998 Budgeted VS. Actual Budgetary Basis Expenditures</b>			
	Appropriation	Budgetary	Variance
Fund Type	Authority	Expenditures	
General	\$ 148,826	\$ 72,564	\$ 76,262
Special Revenue	69,096	25,780	43,316
Enterprise	231,628	152,508	79,120
Total	\$ 449,550	\$ 250,852	\$ 198,698

**NOTE 4 – PROPERTY TAX:-**

Real property taxes become a lien on January 1, proceeding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**VILLAGE OF MILFORD CENTER**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**

**NOTE 5 - DEBT:-**

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans (OWDA) - Sewer Line Improvements	\$ 206,562	5.94% - 6.58%
Mortgage Revenue Bonds	<u>773,550</u>	5.00% - 5.25%
Total	<u>\$ 980,112</u>	

The mortgage revenue bonds relate to a water plant expansion and the installation of sewer lines that were mandated by the United States Environmental Protection Agency. Property and revenue of the utility facilities have been pledged to repay this debt. The OWDA Loans were also used for the installation of sewer lines by the Village. The annual requirements to amortize all debt as of December 31, 1999, including interest payments of \$ 1,007,111 are as follows:

<u>Year ending</u> <u>December 31</u>	<u>Mortgage Revenue</u> <u>Bonds</u>	<u>O.W.D.A.</u> <u>Loans</u>	<u>Total</u>
2000	\$ 54,635	\$ 17,609	\$ 72,244
2001	53,900	17,609	71,509
2002	54,165	17,609	71,774
2003	54,378	17,609	71,987
2004	53,538	17,609	71,147
2005-2009	267,197	88,045	355,242
2010-2014	230,204	88,045	318,249
2015-2019	222,679	88,045	310,724
2020-2024	222,326	23,817	246,143
2024-2029	221,204	0	221,204
2030-2033	<u>177,000</u>	<u>0</u>	<u>177,000</u>
Total	<u>\$ 1,611,226</u>	<u>\$ 375,997</u>	<u>\$ 1,987,223</u>

**NOTE 6 – RETIREMENT SYSTEMS :-**

Village officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

The Village was not properly making payments during fiscal year 1999. Subsequent to the year ended December 31, 1999, the Village has made all payments and paid all fines as required by PERS.

**VILLAGE OF MILFORD CENTER**  
**UNION COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**

**NOTE 7 – RISK MANAGEMENT:-**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions



**Report on Compliance and on Internal Control Required by *Government Auditing Standards***

Village Council  
Village of Milford Center  
Union County  
12 Railroad St.  
Milford Center, Ohio 43045

We have audited the accompanying financial statements of the Village of Milford Center, Union County, Ohio (the Village ), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated January 16, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items N-1 to N-5.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village of Milford Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items R-1 to R-4.

Our consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items R-1 and R-2, and to be material weaknesses. We also noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the Village in a separate letter dated January 16, 2001.

This report is intended for the information of the Village Council and the Clerk, and is not intended to be and should not be used by anyone other than these specified parties.

*Holbrook & Manter*

Certified Public Accountants

January 16, 2001  
Marysville, Ohio

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
OHIO SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS



**SCHEDULE OF FINDINGS**

**VILLAGE OF MILFORD CENTER  
UNION COUNTY  
JANUARY 1, 1998 TO DECEMBER 31, 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	
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**Non-Compliance**

**N-1**

Section 117-5-01, Ohio Administrative Code, states that each village is required to employ the uniform system of accounting prescribed in the Ohio Administrative Code. The uniform system of accounting requires that three basic records be maintained; the cash journal, the receipts ledger, and the appropriation ledger. The cash journals, receipts ledgers, and appropriation ledgers were not properly maintained. These ledgers should be properly maintained to insure proper accounting techniques and transactions. This problem has been subsequently resolved and the ledgers are being properly maintained.

**N-2**

Section 5705.41 (D) Revised Code, states that no subdivision shall make any contract or order any expenditure of money unless that certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be null and void unless, for expenditures in excess of \$1,000, the Village Council obtains from the fiscal officer a certificate stating that there was at the time of the making of the contracts or orders a sufficient sum appropriated, the Council, by resolution, may authorize the issuance of a warrant for the payments of the amount due.

During our testing of expenditures all funds were obligated without certification. There was no evidence of subsequent resolutions authorizing payment for such obligations.

H&M recommends that a purchase order be completed, including certification by the Clerk that the funds are available, before any expenditures are made.

**N-3**

Section 117.38 Revised Code, requires that cash basis entities file annual reports with the Auditor of State within 90 days of the fiscal year end. These forms must be on forms prescribed by the Auditor of State.

The Village did not complete and file financial statements for 1998 or 1999.

The Village should complete and file the required reports on a yearly basis.

**N-4**

Section 5705.38 Revised Code, states 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 ended balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

Section 5705.41(B) Revised Code, states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not file the final appropriation for 1998 until April 13, 1998, which is after the required deadline. In 1999, the Village failed to file a final appropriation with the county auditor.

The Village should complete and file in a timely manner the appropriation measure on a yearly basis.

**N-5**

Section 5705.36 Revised Code, states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any balances that existed at the end of the preceding year.

The Village did not file a certificate of available revenue with the county auditor in 1999.

The Village should complete and file in a timely manner the certificate of available revenue on a yearly basis.

**Reportable Conditions**

**R-1**

Village financial records were not properly maintained. The internal controls were not operating effectively and significant internal controls were not adequately monitored by Council. Reconstruction of the cash journal, revenue journal and disbursement journal was required. In addition, H&M noted that the Bank reconciliations were not being prepared or reviewed and that payroll records were inaccurate. Two individuals had received payroll checks which were not within the appropriations. These two individuals received additional payments that exceeded the pay rate that the Council had approved for these two individuals. The Village has subsequently forwarded all supporting documentation to the Auditor of State's Office for review.

The lack of internal controls and adequate monitoring could potentially cause a misappropriation of assets and increases the possibilities for fraud.

We recommend that Village Council of the Finance Committee review the cash journal, revenue journal and disbursement journal at least on a quarterly basis and that they review the bank statements and bank reconciliations on a monthly basis.

**R-2**

During our audit we noted that certain incompatible duties are assigned within the accounting function to the same individual. One of the basic requirements of good internal control is segregation of duties so that individuals who have access to or control over the assets of the village do not also have access to or control over the accountability of those assets. However, segregation of conflicting duties within the accounting function is not easily achieved in a small village and in certain circumstances may not be possible.

We recommend that management evaluate its current systems of internal control in order to ensure they are operating effectively and efficiently. An effective monitoring system will assist the Village in identifying ways of strengthening internal controls and assist in implementing new controls as needed to safe guard assets and ensure the Village complies with the requirements of applicable laws and regulations.

**R-3**

During 1999 the Village failed to make proper and timely PERS withholding payments. Subsequent to the audit period, the Village has paid all outstanding amounts and only maintains a current balance.

**R-4**

During our audit we noted that the Village failed to complete payroll tax form 941 and also failed to pay the required withholdings as calculated by the 941. Village has subsequently filed all necessary documentation and paid all required withholdings and penalties.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF MILFORD CENTER**

**UNION 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  
APRIL 5, 2001**