



Dave Yost • Auditor of State

VILLAGE OF MILTON CENTER
WOOD COUNTY

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Dave Yost • Auditor of State

Village of Milton Center
Wood County
22230 Mermill Street
Milton Center, Ohio 43541-9037

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

September 28, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Milton Center
Wood County
22230 Mermill Street
Milton Center, Ohio 43541-9037

To the Village Council:

We have audited the accompanying financial statements of Village of Milton Center, Wood County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Milton Center, Wood County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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".

Dave Yost
Auditor of State

September 28, 2011

**VILLAGE OF MILTON CENTER
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$7,214	\$3,830		\$11,044
Intergovernmental	9,512	8,278		17,790
Special Assessments		4,343		4,343
Earnings on Investments	38			38
Miscellaneous	649			649
	<u>17,413</u>	<u>16,451</u>		<u>33,864</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	2,272	3,314		5,586
Public Health Services	1,346			1,346
Community Environment		8,004		8,004
Basic Utility Service	3,443			3,443
Transportation	200	1,289		1,489
General Government	10,977	102		11,079
	<u>18,238</u>	<u>12,709</u>		<u>30,947</u>
Total Receipts Over/(Under) Disbursements	<u>(825)</u>	<u>3,742</u>		<u>2,917</u>
Fund Cash Balances, January 1	<u>18,543</u>	<u>18,031</u>	<u>11,215</u>	<u>47,789</u>
Fund Cash Balances, December 31	<u><u>\$17,718</u></u>	<u><u>\$21,773</u></u>	<u><u>\$11,215</u></u>	<u><u>\$50,706</u></u>
Reserve for Encumbrances, December 31		<u>\$730</u>		

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

**VILLAGE OF MILTON CENTER
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$7,543	\$2,647		\$10,190
Intergovernmental	9,569	9,660	\$8,985	28,214
Special Assessments		4,930		4,930
Earnings on Investments	90			90
Miscellaneous	196			196
	<u>17,398</u>	<u>17,237</u>	<u>8,985</u>	<u>43,620</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	3,760	3,158		6,918
Leisure Time Activities	37			37
Community Environment	4,160	3,870		8,030
Basic Utility Service	5,236			5,236
Transportation		12,072		12,072
General Government	7,647	67		7,714
Debt Service:				
Redemption of Principal		3,690		3,690
Interest and Fiscal Charges		98	5,226	5,324
Capital Outlay			11,758	11,758
	<u>20,840</u>	<u>22,955</u>	<u>16,984</u>	<u>60,779</u>
Total Disbursements Over Receipts	<u>(3,442)</u>	<u>(5,718)</u>	<u>(7,999)</u>	<u>(17,159)</u>
Other Financing Receipts:				
Refund of Prior Year Expenses			7,577	7,577
Excess of Cash Disbursements Over Cash Receipts and Other Financing Receipts	(3,442)	(5,718)	(422)	(9,582)
Fund Cash Balances, January 1	<u>21,985</u>	<u>23,749</u>	<u>11,637</u>	<u>57,371</u>
Fund Cash Balances, December 31	<u>\$18,543</u>	<u>\$18,031</u>	<u>\$11,215</u>	<u>\$47,789</u>

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

**VILLAGE OF MILTON CENTER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Milton Center, Wood County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village of which only five seats were filled during the audit period. The Village provides governmental services including park operations.

The Village participates in Public Entities Pool of Ohio a public risk pool. Note 6 to the financial statements provide additional information for this entity

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**VILLAGE OF MILTON CENTER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Street Light Special Assessment Fund – This fund receives special assessments to provide street lighting within the Village.

3. Capital Project Fund

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Sewer Line Construction Fund – This fund receives Ohio Public Works Commission (OPWC), grants. The proceeds are being used to construct a new sewer line.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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 MILTON CENTER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit 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:

	2010	2009
Demand deposits	\$22,753	\$19,863
STAR Ohio	27,953	27,926
Total deposits and investments	\$50,706	\$47,789

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,490	\$17,413	(\$5,077)
Special Revenue	12,563	16,451	3,888
Total	\$35,053	\$33,864	(\$1,189)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,180	\$18,238	(\$58)
Special Revenue	23,230	13,439	9,791
Capital Projects	10,000		10,000
Total	\$51,410	\$31,677	\$19,733

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,703	\$17,398	(\$1,305)
Special Revenue	19,478	17,237	(2,241)
Capital Projects		16,562	16,562
Total	\$38,181	\$51,197	\$13,016

**VILLAGE OF MILTON CENTER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$16,600	\$20,840	(\$4,240)
Special Revenue	21,500	22,955	(1,455)
Capital Projects	10,000	16,984	(6,984)
Total	\$48,100	\$60,779	(\$12,679)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Permissive Motor Vehicle License Fund and Street Lighting Fund by \$779 and \$173 respectively for the year ended December 31, 2010. Expenditures exceeded appropriation authority in the General Fund, Street Construction Maintenance Repair Fund, and Capital Outlay Fund by \$4,240, \$2,065 and \$6,984 respectively for the year ended December 31, 2009. The Villages appropriations exceeded estimated receipts in the Street Construction Maintenance Repair Fund and Street Repair fund in the amount of \$9,045 and \$2,667 respectively for the year ended December 31, 2010. Also contrary to Ohio law, at December 31, 2010 and 2009, the Street Construction Maintenance Repair Fund had a cash deficit balance of \$2,050 and \$1,211 respectively.

4. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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.

5. Retirement Systems

A. Ohio Public Employees Retirement System

The Village's Mayor and Fiscal Officer belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

**VILLAGE OF MILTON CENTER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Retirement Systems (Continued)

B. Social Security

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System had an option to choose Social Security or the Ohio Public Employees Retirement System. As of December 31, 2010, all members of Village Council have elected Social Security. The Village's liability is 6.2 percent of wages paid.

6. Risk Management

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

**VILLAGE OF MILTON CENTER
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Risk Management (Continued)

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Government's share of these unpaid claims collectible in future years is approximately \$2,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
\$1,804	\$2,608

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Milton Center
Wood County
22230 Mermill Street
Milton Center, Ohio 43541-9037

To the Village Council:

We have audited the financial statements of the Village of Milton Center, Wood County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 28, 2011, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 and 2010-002 described in the accompanying schedule of findings 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, providing an opinion 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-001 through 2010-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 28, 2011.

We intend this report solely for the information and use of the audit committee, management, Village Council and others within the Village. We intend it for no one other than these specified parties.

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".

Dave Yost
Auditor of State

September 28, 2011

**VILLAGE OF MILTON CENTER
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Noncompliance Citation/Material Weakness

Ohio Revised Code, § 5705.10(D), provides all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The following transactions were found to be posted to incorrect funds:

- Property Tax and homestead and rollback receipts to be paid into the Street Repair Fund were posted to the General Fund in 2010 and 2009 in the amounts of \$2,192 and \$863, respectively.
- Special Assessments due to the Lighting Fund was posted to the General Fund in 2010 in the amount of \$2,804.
- Inaccurate posting of tax revenue and miscoding of expenses resulting in decreasing 2010 General fund balance and increasing Special Revenue fund balances in the amount of \$9,177.
- Inaccurate posting of tax revenue and correction of beginning balances resulted in decreasing 2009 General fund balance and increasing Special Revenue fund balances in the amount of \$1,783.

Thirty adjusting and reclassifications ranging in amounts from \$24 to \$7,675 were posted to the financial statements to correct these and other errors.

The accompanying financial statements and the Village's accounting records were adjusted to record these amounts in the proper funds.

FINDING NUMBER 2010-002

Noncompliance Citation/Material Weakness

Ohio Revised Code, § 117.13(3)(C), states the fiscal officer may distribute such total cost of the audit to each fund audited in accordance with its percentage of the total costs.

In addition, Auditor of State Bulletin 2009-011 includes the following guidance for allocating audit costs to funds:

- The fiscal officer should determine which funds should be charged a percentage of the audit costs. The Auditor of State is of the opinion that most operating funds of a local government, including utility funds (i.e., water, sewer, electric, refuse), special levy funds, funds that receive gas taxes and motor vehicle registration fees can be charged a portion of the audit costs.
- In determining a percentage of total costs that may be charged to a fund, any reasonable and rational method, such as a percentage of the fund's revenue or expenditures compared to the total revenue or expenditures for all funds, excluding agency funds, would be acceptable.

The Village charged \$4,081 of the 2008/2007 audit cost to the Permissive Motor Vehicle License Fund without supporting documentation. The accompanying financial statements and the Village's accounting records were adjusted to record this amount in the General Fund.

FINDING NUMBER 2010-003

Noncompliance Citation

Ohio Revised Code, § 5705.39, states the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission, or in case of appeal, by the board of tax appeals. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

Appropriations exceeded estimated resources during 2010 in the following funds:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Street Construction Maintenance Repair Fund	\$ 1,730	\$ 10,775	(\$ 9,045)
Street Repair Fund	6,588	9,255	(2,667)

Allowing appropriations to remain higher than estimated resources increases the possibility appropriations may be unrealistically inflated which could result in deficit spending. Estimated resources should have been reduced to the level of the actual resources available for appropriation.

Management officials should monitor estimated resources and appropriations throughout the year and make the necessary modifications, with approval of the Council, to avoid appropriations exceeding estimated resources to avoid overspending.

FINDING NUMBER 2010-004

Noncompliance Citation

Ohio Revised Code, § 5705.41(B), states that no subdivision or taxing unit shall make any expenditure of money unless it has been lawfully appropriated.

The Village’s expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Year</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Variance</u>
Permissive Motor Vehicle License Fund	2010	\$ 3,200	\$ 779	(\$ 779)
Street Lighting Fund			3,373	(173)
	2009			
General Fund		16,600	20,840	(4,240)
Street Construction Maintenance Repair Fund		9,700	11,765	(2,065)
Capital Outlay Fund		10,000	16,984	(6,984)

The budgeting process is an essential monitoring control, that when properly used, reduces the possibility of the Village encountering deficit spending. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2010-005

Noncompliance Citation

Ohio Revised Code, § 5705.10(H), states that money paid into any fund shall be used only for the purpose for which such fund was established. The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund or funds carrying the deficit balance.

As of December 31, 2010 and 2009 the Village had a deficit cash balance of \$2,050 and \$1,211, respectively, in the Street Construction Maintenance Repair Fund.

We recommend as part of the monitoring process, Village Council should review financial records to make sure the amounts are reflected in the appropriate funds and that there are sufficient funds to pay obligations.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

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**VILLAGE OF MILTON CENTER
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Revised Code Section 5705.41(D)(1), Certification of expenditures and outstanding commitments.	Yes	
2008-002	Ohio Revised Code Section 5705.39, Appropriations exceeding estimated resources.	No	Re-issued as Finding number 2010-003 in this report.
2008-003	Ohio Revised Code Section 5705.41(B), Expenditures exceeding appropriations.	No	Re-issued as Finding number 2010-004 in this report.

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Dave Yost • Auditor of State

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
OCTOBER 11, 2011