



OHIO AUDITOR OF STATE
KEITH FABER

A small, thin-lined map of the state of Ohio is positioned to the right of the Auditor's name, with the text overlapping it slightly.



BASIC AUDIT REPORT

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

We have completed certain procedures in accordance with Ohio Rev. Code § 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, 2022 and 2021.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code § 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, 2022 and 2021.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code § 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

Finding for Recovery

1. The fiscal officer, Terri Blackford, was responsible for reconciling the bank balance monthly and reporting any errors to the Village's Financial Institution. While the reconciliations were completed, they included a variance for checks that had cleared at the Financial Institution but were not included in the Village's accounting records. Ms. Blackford did not timely report the errors noted during the monthly reconciliations to the Village's Financial Institution. When brought to the Village's attention by the Auditors in February 2024, it was determined that there were three bank errors totaling \$6,326.66, which were processed by the Financial Institution in June, August and November 2021. At this time in February 2024, Ms. Blackford notified the Financial Institution of the errors. The Financial Institution identified three additional bank errors totaling \$1,548.75, which were processed by the Financial Institution in October and November of 2023, and January 2024. The bank was able to recover \$4,875.41 in lost funds, but the remaining \$3,000 was not able to be recovered due to the amount of time that had passed between the error occurring and being reported to the Financial Institution. The loss of these funds was therefore the result of Ms. Blackford's negligence.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §§ 117.24 and 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Terri Blackford and her bonding company, Western Surety Company, jointly and severally, in the amount of \$3,000, and in favor of the Village of Milton Center's General Fund.

On July 10, 2024, the Village's Financial Institution provided documentation that \$4,875.41 has been deposited into the Village's checking account.

Significant Compliance or Accounting Issues

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.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and approved by the Council. The Village should then monitor budget vs. actual reports to help ensure amended certificates of resources have been properly posted to the ledgers.

3. Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board/Council and/or other administrator are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not reviewed each month of 2022 and 2021. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

Review of the bank reconciliation, prepared as of December 31, 2022, identified reconciling items in the amount of \$6,326.61, resulting in fund balances exceeding actual available cash by this amount. It was determined that these amounts were related to the bank errors documented in item 1 above.

Additionally, the Village did not post the interest received for its STAR Ohio account, resulting in an understatement of revenue.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

4. The Village did not file its 2022 and 2021 annual reports timely. **Ohio Rev. Code § 117.38** provides that each public office, other than a state agency, shall file a financial report for each fiscal year. The report shall be certified by the proper officer or board and filed with the auditor of state within sixty days after the close of the fiscal year. At the time the report is filed with the auditor of state, the chief fiscal officer shall publish notice in a newspaper published in the taxing district. The notice shall state the financial report has been completed by the public office and is available for public inspection at the office of the chief fiscal officer.

The Village did not file the 2022 and 2021 annual reports until December 14, 2023 and November 2, 2022, respectively. Failure to file by the required date could result in penalties of \$25 per day up to maximum of \$750. The Village should take the necessary steps to ensure the financial reports are prepared completely in accordance with Auditor of State Bulletin 2015-007 and filed within the sixty-day time frame.

5. **Ohio Rev. Code § 149.43(E)(2)** provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to **Ohio Rev. Code § 149.43(B)(7)(c)**, the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

Ohio Rev. Code § 149.43(E)(2) further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The Village has no formal written policy that would demonstrate compliance with the Ohio Revised Code. This could result in records requests not being fulfilled in accordance with Ohio law.

The Village should establish a public records policy. The policy should be distributed to the records custodian/manager and the Village should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy should be conspicuously displayed in all of the Village's branch offices and the public records policy should be included in policy manuals or handbooks if any exist.

6. **Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General.

No elected officials within the Village attended a required Certified Training or had an appropriate designee attend the training as required by Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1), due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

7. **Ohio Rev. Code § 733.81(D)(2)** provides that a fiscal officer who is elected to a subsequent term of office shall complete twelve hours of continuing education courses in each subsequent term of office.

The current Fiscal Officer did not obtain the required hours of continuing education programs during her subsequent term of office. This non-compliance occurred due to deficiencies in the Village's internal controls over continuing education compliance.

Failure to obtain and document the required training could result in the Fiscal Officer not being adequately trained and could result in subsequent recording and compliance errors due to insufficient training.

The Fiscal Officer should complete the required continuing education program hours. Training hours should be reported to the Auditor of State's Fiscal Integrity Act portal.



Keith Faber
Auditor of State
Columbus, Ohio

April 22, 2025

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MILTON CENTER

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 5/8/2025

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This report is a matter of public record and is available online at
www.ohioauditor.gov