



Dave Yost • Auditor of State



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July 10, 2018

Village of Melrose
Paulding County
P.O. Box 101
705 State Street
Melrose, Ohio 45861

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 Melrose, Paulding County, Ohio (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. We examined the bank reconciliation prepared as of December 31, 2017. It included a reconciling item of \$2,234, which results in fund balances exceeding actual available cash by this amount. It was determined the Fiscal Officer corrected the allocation of the 2017 real estate and manufactured home rollback and homestead fees that were incorrectly posted to the General Fund instead of being allocated between the General, EMS, and Fire Funds. The Fiscal Officer did not void the original receipt issued which resulted in the General Fund balance to be overstated by this amount.

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. This adjustment to reduce the General Fund balance by \$2,234 has been made to the Village's ledgers in 2018.

2. The Village withheld State income taxes and School District income taxes from the employees' gross wages. The Fiscal Officer completed and submitted quarterly withholding payment reports to the Ohio Department of Taxation and the School District Income Tax to remit payment of employee withholdings from gross wages in 2017 and 2016.

Electronic payments in the amount of \$143.52 made by the Village to the Ohio Department of Taxation and School District Income Tax during 2017, 2016, and 2015 did not clear the Village's

bank account and are being listed as outstanding electronic payments on the bank reconciliation as of December 31, 2017. This could result in the Village's employees not being credited for payments being withheld from their gross wages for State income taxes and School District income taxes at the time they file their State of Ohio income tax returns. The Village should contact the Ohio Department of Taxation and the School District Income Tax to resolve this issue.

3. We noted three 2016 real estate and manufactured home rollback and homestead fee receipts totaling \$2,225 were incorrectly posted to the General Fund. Of this amount \$732 and \$425 should have been posted to the Fire Fund and EMS Fund, respectively. In 2017, the Village of Melrose was notified by the Auditor of State's Office that the portion of rollback and homestead receipts posted to the Fire and EMS Funds should be remitted to the Village of Oakwood for payment of fire and EMS protection as provided by the Fire and EMS contract between the two Villages. On December 18, 2017, the Village of Melrose issued a check in the amount of \$3,507.13 to the Village of Oakwood for payment of amounts due from the 2015, 2016, and 2017 Fire and EMS contracts. The Village disbursed the 2016 rollback and homestead fee portion due from the Fire and EMS Funds in the amounts of \$732 and \$425, respectively, from the General Fund. Therefore an adjusting entry to move the 2016 portion of the rollback and homestead fees due to the Fire and EMS Funds was not deemed necessary.
4. The Village collected withholdings for Federal income taxes, social security, Medicare, State income taxes, and School District income taxes from Village employees' gross wages during the fourth quarter of 2017. These amounts collected are to be disbursed to either the Federal agency by the 31st day of the month or to the State agency by the 15th day of the month following the end of the quarter. The Village disbursed the Federal and State amounts collected from employees gross wages during the fourth quarter of 2017 to the Federal and State agencies on February 19, 2018, after the due date of January 31, 2018 and January 15, 2018, respectively.

The Fiscal Officer should disburse all monies collected from the employees' gross wages for Federal and State taxes to the proper agencies on or prior to the date payment is due.

5. We noted the Village of Melrose filed their 2017 annual financial report on March 23, 2018 which was after the required due date of March 1, 2018. Ohio Rev. Code § 117.38 requires the financial report to be filed with the auditor of state within sixty days following the close of the Village's fiscal year.



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VILLAGE OF MELROSE

PAULDING 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
JULY 24, 2018