



Dave Yost • Auditor of State



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Village of Magnetic Springs
Union County
30 West Magnetic Street
Magnetic Springs, Ohio 43036

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 Magnetic Springs, Union County, Ohio (the Village) for the years ended December 31, 2013 and 2012.

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, 2013 or 2012.

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.

Current Year Observations

1. The Village treats all persons performing services for the Village as independent contractors, including the elected officials. Internal Revenue Code Section 3401(c) indicates that an officer, employee, or elected official of government is an employee for income tax purposes. As employees, the elected officials may elect to participate in the Ohio Public Employees Retirement System (OPERS) or opt out. The Village received further guidance from the Auditor of State's Office which provided that the Village should issue W-2's with appropriate withholdings if any member of council received more than \$600 per year. Both the Mayor and the Fiscal Officer received compensation of greater than \$600 for both 2013 and 2012.

Current Status of Matters We Reported in our Prior Engagement

1. The prior audit for the years ended December 31, 2011 and 2010 included a Significant Deficiency for budgeted appropriations entered into the UAN not agreeing to the Annual Appropriation Measure. This matter has not been corrected for the years ended December 31, 2013 and 2012.
2. The prior audit for the years ended December 31, 2011 and 2010 included a Material Weakness for the Certificate of Estimated Resources being based on inaccurate beginning cash balances by fund per the UAN for fiscal year 2010. This issue has been fully corrected for the year ended December 31, 2013.
3. The prior audit for the years ended December 30, 2011 and 2010 included a Significant Deficiency/Noncompliance for the Village not recording receipts and expenditures for a joint road project with Union County. This matter is no longer valid for the years ended December 31, 2013 and 2012.

Current Status of Matters We Reported in our Prior Engagement (Continued)

4. The prior audit for the years ended December 31, 2011 and 2010 included Noncompliance for the Village not properly recording receipts and expenditures according to the Village Officer's Handbook Chart of Accounts. This matter has been fully corrected for the years ended December 31, 2013 and 2012.
5. The prior audit for the years ended December 31, 2011 and 2010 included Noncompliance for the Village not adopting a written policy and appointing an individual to be responsible for a personal information system. This matter has not been corrected for the years ended December 31, 2013 and 2012.
6. In addition to the 1099 contract employees matter report in item 1 above, the prior audit for the years ended December 31, 2011 and 2010 included Noncompliance for the Village paying all employees as 1099 contract employees rather than through the UAN payroll system. This matter has not been corrected for the years ended December 31, 2013 and 2012.



Dave Yost
Auditor of State
Columbus, Ohio

November 12, 2014



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VILLAGE OF MAGNETIC SPRINGS

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
NOVEMBER 25, 2014**