



Dave Yost • Auditor of State



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Village of Stone Creek
Tuscarawas County
P.O. Box 117
Stone Creek, Ohio 43840

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 Stone Creek, Tuscarawas County, Ohio (the Village), for the years ended December 31, 2015 and 2014.

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, 2015 and 2014.

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.

Current Year Observations

1. We examined the bank reconciliation prepared as of December 31, 2015. It included an unexplained reconciling item of \$78, which results in actual cash available exceeding the fund balances by this amount. The Fiscal Officer was unable to determine what this amount represented.

However, the Village did properly identify the unreconciled differences and make the necessary corrections during the reconciliation for the month of August 31, 2016.

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.

2. The Village utilizes the Uniform Accounting Network (UAN) system to record all receipts received by the Village. This system also shows when a receipt is entered into the system.

During 2015, 57 out of the 118 receipts entered into the UAN system were not recorded in a timely manner as there was a one to three month lag period between the date the receipt was received and the date the receipt was recorded.

The Village should implement procedures to ensure that receipts are entered into the UAN system in a timely manner. This will also ensure that the monthly reports printed from the UAN system will reflect a current status of the Village's financial position.

Current Year Observations (Continued)

3. **26 USC § 3402** and **Ohio Rev. Code § 5747.06** requires every employer, including the state and its political subdivisions making payments of any compensation to an employee who is a taxpayer, to deduct and withhold from such compensation for each payroll period a tax substantially equivalent to the tax reasonably estimated to be due under this chapter with respect to the amount of such compensation included in his adjusted gross income during the calendar year. **26 USC § 3102(a)** requires employers to withhold social security Medicare tax from an employee's wages if the employee was hired after April 1, 1986.

Additionally, Village Resolution 1980-2 established a 1% income tax that applies to all individuals that reside in the Village limits. Where a resident of the Village is subject to a municipal income tax in another municipality, he shall not pay a total municipal income tax on the same income greater than the tax imposed at the higher rate.

The Village properly withheld federal, Medicare, state, and local tax from the employee's compensation; however, the Village did not properly remit the taxes withheld to the following agencies: \$646 to the IRS for 2015, \$13 to the State of Ohio for fourth quarter of 2015, and \$12 to the Village of Stone Creek for fourth quarter 2015.

This matter will be referred to the IRS for whatever action deemed necessary.



Dave Yost
Auditor of State
Columbus, Ohio

September 20, 2016



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VILLAGE OF STONE CREEK

TUSCARAWAS 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 6, 2016