



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## BASIC AUDIT REPORT

Village of Magnetic Springs  
Union County  
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, (the Village) for the years ended December 31, 2021 and 2020.

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, 2021 and 2020.

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 noted the Village did not have an established and adopted/approved records retention schedule/policy as of December 31, 2021. **Ohio Rev. Code §149.43(B)(2)** provides that a public office or the person responsible for public records shall organize and maintain public records in a manner that they can be made available for inspection or copying and that public offices shall have available a copy of their current records retention schedule at a location readily available to the public. The Village should appropriately establish and approve/adopt a records retention schedule/policy and have its records retention schedule at a location readily available to the public. Additionally, the Village should follow the guidance contained within the Ohio Attorney General's Ohio Sunshine Laws Manual in crafting their records retention schedule.
2. We noted the Village was unable to provide written documentation that the Village's records custodian/manger acknowledged receipt of the copy of the Village's Public Records Policy. **Ohio Rev. Code § 149.43(E)(2)** provides that public offices must distribute their public records policy to the employee who is the records custodian or records manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the copy of the public records policy. The Village should distribute its Public Records Policy to the records custodian/manager and the Village should have a written acknowledgement of receipt from the records custodian/manager.

**Current Year Observations (Continued)**

3. We noted the Village Fiscal Officer had not attended continuing education training as required by the Fiscal Integrity Act for the term ending March 30, 2020. **Ohio Rev. Code § 733.81** provides that to enhance the background and working knowledge of fiscal officers in government accounting, budgeting and financing, financial report preparation, cybersecurity, and the rules adopted by the Auditor of State, the Auditor of State shall conduct education programs and continuing education courses for individuals elected or appointed to the office of fiscal officer. Furthermore, an elected or appointed fiscal officer who retains office for a subsequent term shall complete twelve hours of continuing education courses in each subsequent term of office. The Village should ensure that the Fiscal Officer attends the required training to fulfill the education requirements detailed in the Fiscal Integrity Act.
  
4. We noted that during 2021 and 2020, the Village treated all persons performing services for the Village as independent contractors, including elected or appointed officials. No evidence was provided that a determination of employee versus independent contractor was made. IRS Publication 15-A states generally an employer must withhold and pay federal income tax, social security and Medicare taxes, and pay unemployment taxes on wages paid to an employee. This is generally not the case with an independent contractor. However, to determine whether an individual is an employee or an independent contractor, under common law, the relationship of the worker and the business must be examined. Facts that provide the evidence of the degree of control and degree of independence must be considered. The Village should review the guidance noted in IRS Publication 15-A before declaring any worker as an employee or independent contractor upon soliciting their services. In the event that such worker is considered an independent contractor, the Village should have evidence to support the determination in line with the criteria as defined in the IRS Publication 15-A. This matter will be referred to the Internal Revenue Service.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 27, 2022

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MAGNETIC SPRINGS**

**UNION 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 10/11/2022**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)