



**VILLAGE OF STONE CREEK
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-98



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF STONE CREEK
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Mayor and Village Council:

We have audited the accompanying financial statements of the Village of Stone Creek, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 8, 2000

VILLAGE OF STONECREEK
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	General	Special Revenue	Capital Projects	(Memorandum Only) Total
Cash Receipts:				
Local Taxes	\$14,091	\$10,822	\$4,200	\$29,113
Intergovernmental	9,020	\$8,582		17,602
Fines, Licenses, and Permits	20	725		745
Miscellaneous	1,846	299	18,000	20,145
Total Cash Receipts	24,977	20,428	22,200	67,605
Cash Disbursements:				
Current:				
General Government	12,836	2,521		15,357
Security of Persons and Property	4,913			4,913
Public Health Services	169			169
Leisure Time Activities	261	350		611
Transportation		8,622		8,622
Basic Utility Services	5,175			5,175
Community Environment	18			18
Debt Service				
Principal retirement			3,000	3,000
Capital Outlay			27,032	27,032
Total Cash Disbursements	23,372	11,493	30,032	64,897
Total Cash Receipts Over/(Under) Cash Disbursements	1,605	8,935	(7,832)	2,708
Fund Cash Balances, January 1, 1999	1,997	24,877	10,477	37,351
Fund Cash Balances, December 31, 1999	\$3,602	\$33,812	\$2,645	\$40,059
Reserves for Encumbrances, December 31, 1999	\$1,100	\$550	\$500	\$2,150

The notes to the financial statements are an integral part of this statement.

VILLAGE OF STONECREEK
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	General	Special Revenue	Capital Projects	(Memorandum Only) Total
Cash Receipts:				
Local Taxes	\$13,583	\$11,280	\$4,200	\$29,063
Intergovernmental	8,014	\$8,781		16,795
Fines, Licenses, and Permits	55	500		555
Miscellaneous	2,229	588	3,000	5,817
Total Cash Receipts	23,881	21,149	7,200	52,230
Cash Disbursements:				
Current:				
General Government	16,840	1,731		18,571
Security of Persons and Property	6,381			6,381
Public Health Services	175			175
Leisure Time Activities		968		968
Community Environment	18			18
Basic Utility Services	5,100			5,100
Transportation		7,189		7,189
Debt Service				
Principal retirement			3,000	3,000
Capital Outlay			1,007	1,007
Total Cash Disbursements	28,514	9,888	4,007	42,409
Total Cash Receipts (Under)/Over Cash Disbursements	(4,633)	11,261	3,193	9,821
Fund Cash Balances, January 1, 1998	6,630	13,616	7,284	27,530
Fund Cash Balances, December 31, 1998	\$1,997	\$24,877	\$10,477	\$37,351
Reserves for Encumbrances, December 31, 1998	\$800	\$500	\$0	\$1,300

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF STONE CREEK
TUSCARAWAS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Stone Creek, Tuscarawas County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, fire protection, street maintenance and repair, park operations (leisure time activities), and police services. The Village contracts with the Stone Creek Volunteer Fire Department to provide fire protection services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when expenditures were made).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Village maintains all cash in a checking account or in certificates of deposit, which are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF STONE CREEK
TUSCARAWAS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Income Tax Fund - This fund is used to record the collection of self assessed taxes, the cost of collecting such taxes and their distribution to various other funds in accordance with Village ordinances.

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant Capital Projects Fund:

Capital Improvement Fund - This fund receives a portion of income tax revenue to pay for certain capital improvements of the Village.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements) may not exceed appropriations at the fund and function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**VILLAGE OF STONE CREEK
TUSCARAWAS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as (capital outlay) disbursements when paid. These items are not reflected as assets in the financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 5,059	\$ 5,351
Certificates of deposit	<u>35,000</u>	<u>32,000</u>
Total deposits and investments	<u>\$ 40,059</u>	<u>\$ 37,351</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 25,484	\$ 24,977	\$ (507)
Special Revenue	27,980	20,428	(7,552)
Capital Projects	<u>10,477</u>	<u>22,200</u>	<u>11,723</u>
Total	<u>\$ 63,941</u>	<u>\$ 67,605</u>	<u>\$ 3,664</u>

**VILLAGE OF STONE CREEK
TUSCARAWAS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 26,230	\$ 24,472	\$ 1,758
Special Revenue	52,356	12,043	40,313
Capital Projects	34,477	30,532	3,945
Total	<u>\$ 113,063</u>	<u>\$ 67,047</u>	<u>\$ 46,016</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 24,220	\$ 23,881	\$ (339)
Special Revenue	26,500	21,149	(5,351)
Capital Projects	9,500	7,200	(2,300)
Total	<u>\$ 60,220</u>	<u>\$ 52,230</u>	<u>\$ (7,990)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 30,000	\$ 29,314	\$ 686
Special Revenue	39,966	10,388	29,578
Capital Projects	16,784	4,007	12,777
Total	<u>\$ 86,750</u>	<u>\$ 43,709</u>	<u>\$ 43,041</u>

**VILLAGE OF STONE CREEK
TUSCARAWAS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority - EV0423	\$10,500	0%
Ohio Water Development Authority - EV0422	10,500	0%

The Ohio Water Development Authority (OWDA) loans relate to preliminary engineering plans for a new water supply system and a wastewater treatment system. These loans will be repaid in annual installments of \$1,500 each, over 10 years.

6. RETIREMENT SYSTEMS

One full-time employee and the elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**VILLAGE OF STONE CREEK
TUSCARAWAS COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- General liability
- Public officials' liability
- Vehicles
- Commercial Inland Marine
- Employer's liability
- Employee benefits liability



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Stone Creek
Tuscarawas County
P.O. Box 117
Stone Creek, Ohio 43845

To the Mayor and Village Council:

We have audited the accompanying financial statements of the Village of Stone Creek, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 8, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 8, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Village of Stone Creek
Tuscarawas County
Report of Independent Accountants on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 8, 2000.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

August 8, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
SEPTEMBER 12, 2000**