



OHIO AUDITOR OF STATE  
**KEITH FABER**





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53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

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, 2019 and 2018.

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, 2019 and 2018.

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.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

## Current Year Observations

1. The Village utilizes the Uniform Account Network (UAN) software to record all receipts received by the Village. The system also shows when a receipt is posted to the system. The Village's receipts are comprised of state monies such as local government funds, county monies such as real estate tax, motor vehicle license tax and gasoline tax, municipal income tax monies, and interest. All state funds are received via EFT, and the funds from the county and municipal income tax are received via check.

At the end of each month, a bank reconciliation is completed and given to Council for review. Council also receives a monthly fund status report and a payment listing report.

During 2019 and 2018, we noted that there were many receipts that were not posted to the general ledger in a timely manner as there was a substantial lag between the date when the receipt was received and the date the receipt was recorded:

- Ten receipts totaling \$2,109 collected in January 2019 were not posted to UAN until July 17, 2019 resulting in a range of 168 to 191 lag days. These receipts were comprised of all receipts received during this time period.
- One receipt collected on January 16, 2019 and 111 receipts collected between February 1, 2019 and September 6, 2019 totaling \$29,671 were not posted to UAN until October 14-16, 2019 resulting in a range of 41 to 272 lag days. These receipts were comprised of all receipts received during this time period.
- One receipt collected on January 2, 2018 and 23 receipts collected between February 1, 2018 and May 31, 2018 totaling \$3,980 were not posted to UAN until June 15, 2018 resulting in a range of 47 to 164 lag days.

### Current Year Observations (Continued)

- Fourteen receipts totaling \$2,954 collected between July 18 and July 31, 2018 were not posted to UAN until September 19, 2018 resulting in a range of 51 to 69 lag days.

Since revenue was not being posted timely, bank reconciliations were also not being completed in a timely manner as shown below:

- January through August 2019 bank reconciliations were not completed until October 2019;
- January through March 2018 bank reconciliations were not completed until June 2018;
- July 2018 bank reconciliation was not completed until September 2018; and
- A bank reconciliation for April 2018 was not completed at all.

Additionally, there is no indication in the minutes that Council received these bank reconciliations nor are there any signatures on the bank reconciliations showing that the reconciliation was reviewed or approved by Council.

The Village should implement procedures to ensure that receipts are deposited and posted to the general ledger in a timely manner. This will help reduce the risk of receipts being misplaced. This will also ensure that the monthly reports printed from the UAN system will reflect a current status of the Village's financial position. Additionally, monthly bank reconciliations should be completed in a timely manner in order to identify any unaccounted for receipts or expenditures. These reconciliations should be presented to Council and evidence should be maintained either in the minutes or through signatures on the reconciliations showing that the reconciliation was reviewed and approved each month.

Our prior basic audit also reported the untimely posting of receipts and untimely preparation of bank reconciliations.

2. Ordinance No. 2015-2 Village of Stone Creek Income Tax Ordinance, effective January 1, 2016, states that the annual tax is levied at a rate of 1% on all persons residing in or earning or receiving income in the Village of Stone Creek. The Village's Fiscal Officer also serves as the Village's Tax Administrator.

At the beginning of each year, the Tax Administrator obtains a listing of all property owners within the Village limits. The Tax Administrator will then mail an income tax form to each property owner even though some of the owners might not need to remit income tax. The Tax Administrator uses this listing to track when an individual or business remits a tax form in order to monitor those who do not respond.

When an income tax payment is received, the money is deposited by the Tax Administrator. Each deposit of income tax receipts solely consists of income tax money. If the Tax Administrator has other receipts such as County checks to deposit, then a separate deposit slip is used. Any un-deposited money is kept either in the Village's post office box or in a money bag within the Village Tax Administrator's house.

Additionally, for each income tax deposit, the Tax Administrator maintains a spreadsheet showing all the income tax forms collected for that period and the amount of income remitted. The amount remitted is then totaled at the bottom of the spreadsheet. Once the income tax receipts are deposited in the bank, the bank deposit slip is attached to the spreadsheet to show that the amounts agreed and that all income tax receipts collected were deposited. The income tax forms and statements submitted by the individuals or businesses are kept with the respective spreadsheet and maintained in a monthly binder by the Tax Administrator.

### Current Year Observations (Continued)

However, the Tax Administrator did not maintain the list of property owners received from the County for 2018 and 2019, which would provide evidence that the Tax Administrator monitored those individuals or businesses that did not properly remit tax forms to the Village.

The Village should implement procedures to ensure that proper documents are maintained in order for the Tax Administrator to properly monitor when an income tax return is received and to determine if there are any businesses or individuals that did not remit taxes. This will help ensure the completeness of the income tax monies.

This matter was also partially included in our prior basic audit report with improvements noted from the prior period.

3. Ohio Rev. Code § 145.48 states, in part, that each employer shall pay to the public employees retirement system an amount that shall be a certain percent of the earnable salary of all contributions to be known as the "employer contribution." In 2019, the Fiscal Officer failed to remit \$155 in employee and employer contributions.

By failing to pay amounts due in a timely manner, the Village increases the risk of errors in the reconciliation and increases the chances of incurring penalties or interest charges from the Ohio Public Employees Retirement System. The Fiscal Officer should take care to ensure that the full amount due and posted to the accounting ledger is properly paid. By taking such steps, the Village will avoid financial penalties and ensure compliance with this section.

This matter will be referred to the Ohio Public Employees Retirement System.

4. Ohio Rev. Code § 149.43(E)(2) states that the public office shall distribute the public records policy adopted by the public office under this division to the employee of the public office who is the records custodian or records manager or otherwise has custody of the records of that office. The public office shall require that employee to acknowledge receipt of the copy of the public records policy.

We noted the Village had a compliant public records policy that was provided by the Village Fiscal Officer, who is the Village's records custodian, however, we were unable to obtain written evidence the Fiscal Officer acknowledged receipt of the public records policy as described above.

We recommend the Village maintain written evidence the records custodian has acknowledged receipt of the public records policy.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 15, 2020

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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  
APRIL 28, 2020