



Dave Yost • Auditor of State



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July 16, 2018

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, 2017 and 2016.

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, 2017 and 2016.

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. The Village utilizes the Uniform Accounting 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 2017 and 2016, we noted that there were many receipts that were not posted to the general ledger in a timely manner as there was more than a month lag between the date when the receipt was received and the date the receipt was recorded:

- Five receipts totaling \$797 collected between April 10, 2017 and April 30, 2017 were not posted to UAN until July 19, 2017. These receipts were comprised of County receipts received via check and interest from the bank.
- Forty-nine receipts totaling \$18,656 collected between April 26, 2017 and November 15, 2017 were not posted to UAN until December 20-28, 2017. These receipts were comprised of all receipts received during this time period.
- Thirty-one receipts totaling \$14,082 collected between March 17, 2016 and May 13, 2016 were not posted to UAN until June 14th and June 15th. These receipts were comprised of all receipts received during this time period.

Current Year Observations (Continued)

- Twenty-four receipts totaling \$1,768 in state receipts collected via EFT and interest receipts collected between September 1, 2016 and December 1, 2016 were not posted to UAN until January 15, 2017.

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

- April through October 2017 bank reconciliations were not completed until December 2017;
- March and April 2016 bank reconciliations were not completed until June 2016;
- July 2016 bank reconciliation was not completed until September 2016; and
- September through November 2016 bank reconciliations were not completed until January 2017.

This lack of timeliness in completing bank reconciliations continues in 2018 as AOS scanned through the bank reconciliations for January to April 2018 and noted that they were completed in June 2018.

Additionally, there is no indication in the minutes that Council received these bank reconciliations nor were there any signatures on the bank reconciliations indicating the reconciliations were reviewed or approved by Council. Also, Council did not receive monthly financial statements for the months of May 2017 through November 2017.

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 their 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 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 reconciliations were reviewed and approved. Monthly financial statements, showing the monthly fund balances, monthly receipts, monthly expenditures and budgetary activity, should also be presented to Council and evidence should be maintained in the minutes.

Our prior basic audit also reported the untimely postings of receipts.

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.

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, all income forms or statements submitted by the individuals or businesses are kept in a binder sorted by month by the Tax Administrator.

Current Year Observations (Continued)

However, the Tax Administrator does not maintain any ledgers to track the collection of the income tax received. The Tax Administrator also does not document any detail on the bank deposit slips in order to trace the income tax forms to the correct deposit slip. The income tax forms are also not sorted in a manner to be able to trace to the correct deposit slip. Therefore, the Tax Administrator is not able to determine if all income tax receipts were collected.

The Village should implement procedures to ensure that ledgers are maintained to track the collection of income tax received. The Tax Administrator should also track when an income tax return is received in order to determine if there are any businesses or individuals that did not remit taxes. The Tax Administrator should also maintain documentation in order to determine which income tax forms relate to each bank deposit. This will help ensure the completeness of the income tax monies.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

July 16, 2018

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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
AUGUST 2, 2018