



**VILLAGE OF STONE CREEK  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF STONE CREEK  
TUSCARAWAS COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Stone Creek (the Village) as of and for the years ended December 31, 2001 and 2000. 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 auditing standards generally accepted in the United States of America 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, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 2, certain fund balances have been restated effective January 1, 2001, as a result of eliminating the Special Revenue Income Tax Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 7, 2002

**VILLAGE OF STONE CREEK  
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, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$23,093	\$0	\$8,044	\$31,137
Intergovernmental Receipts	12,437	8,192	3,000	23,629
Fines, Licenses, and Permits	50	175	0	225
Earnings on Investments	1,187	160	0	1,347
Miscellaneous	734	180	10,000	10,914
	<u>37,501</u>	<u>8,707</u>	<u>21,044</u>	<u>67,252</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	8,236	0	0	8,236
Public Health Services	160	0	0	160
Leisure Time Activities	0	541	0	541
Community Environment	18	0	0	18
Basic Utility Services	5,400	0	0	5,400
Transportation	0	5,564	0	5,564
General Government	19,268	0	0	19,268
Debt Service:				
Principal Payments	0	0	3,000	3,000
Capital Outlay			18,672	18,672
	<u>33,082</u>	<u>6,105</u>	<u>21,672</u>	<u>60,859</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	4,419	2,602	(628)	6,393
Fund Cash Balances, January 1 (Restated Note 2)	<u>21,725</u>	<u>6,584</u>	<u>10,491</u>	<u>38,800</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$26,144</u></b>	<b><u>\$9,186</u></b>	<b><u>\$9,863</u></b>	<b><u>\$45,193</u></b>
Reserves for Encumbrances, December 31	<u>\$1,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,000</u>

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

**VILLAGE OF STONE CREEK  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$21,641	\$0	\$7,374	\$0	\$29,015
Intergovernmental Receipts	7,622	8,107	3,000	0	18,729
Fines, Licenses, and Permits	0	350	0	0	350
Earnings on Investments	1,634	223	0	0	1,857
Miscellaneous	893	226	126	1,725	2,970
<b>Total Cash Receipts</b>	<b>31,790</b>	<b>8,906</b>	<b>10,500</b>	<b>1,725</b>	<b>52,921</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	7,047	0	0	0	7,047
Public Health Services	160	0	0	0	160
Leisure Time Activities	0	717	0	1,902	2,619
Community Environment	18	0	0	0	18
Basic Utility Services	5,100	0	0	0	5,100
Transportation	0	7,295	0	0	7,295
General Government	18,155	3,116	0	0	21,271
Debt Service:					
Principal Payments	0	0	3,000	0	3,000
Capital Outlay	0	315	6,935	0	7,250
<b>Total Cash Disbursements</b>	<b>30,480</b>	<b>11,443</b>	<b>9,935</b>	<b>1,902</b>	<b>53,760</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>1,310</b>	<b>(2,537)</b>	<b>565</b>	<b>(177)</b>	<b>(839)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Refund of prior year receipts	0	(420)	0	0	(420)
Transfers-In	0	0	0	177	177
Transfers-Out	(177)	0	0	0	(177)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(177)</b>	<b>(420)</b>	<b>0</b>	<b>177</b>	<b>(420)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>1,133</b>	<b>(2,957)</b>	<b>565</b>	<b>0</b>	<b>(1,259)</b>
<b>Fund Cash Balances, January 1</b>	<b>3,602</b>	<b>33,812</b>	<b>2,645</b>	<b>0</b>	<b>40,059</b>
<b>Fund Cash Balances, December 31</b>	<b>\$4,735</b>	<b>\$30,855</b>	<b>\$3,210</b>	<b>\$0</b>	<b>\$38,800</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$500</b>

*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, 2001 AND 2000**

**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, street maintenance and repair, park operations (leisure time activities) and police 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 an encumbrance is approved).

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

**C. Cash and Investments**

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

**VILLAGE OF STONE CREEK  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund**

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 has the following significant Special Revenue Funds:

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

*Income Tax Fund* - This fund was used prior to 2001 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. In fiscal period 2001, the Village began accounting for income tax operations in the General Fund of the Village.

**3. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village has the following significant Capital Projects Fund:

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

**4. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village's Expendable Trust Fund is the *Veteran's Memorial Fund* which was used in 2000 to receive donations for the construction of a veteran's memorial. As the project was completed in 2000, the fund was not utilized in 2001.

**E. Budgetary Process**

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

**1. Appropriations**

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

**VILLAGE OF STONE CREEK  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**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 on the accompanying financial statements.

**2. RESTATEMENT OF FUND BALANCES**

The Special Revenue Income Tax Fund was eliminated at December 31, 2000. The cash fund balance of \$24,271 in that fund was distributed in accordance with the Village's Income Tax Ordinance which required that income tax collections be allocated 70% to the General Fund and 30% to the Capital Projects Capital Improvement Fund. The elimination of the Special Revenue Income Tax Fund had the following effect on fund balances at December 31, 2000:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
Fund Balances, December 31, 2000	\$4,735	\$30,855	\$3,210
Elimination of Fund	<u>16,990</u>	<u>(24,271)</u>	<u>7,281</u>
Restated Fund Balance, December 31 2000	<u>\$21,725</u>	<u>\$6,584</u>	<u>\$10,491</u>

**VILLAGE OF STONE CREEK  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. 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:

	2001	2000
Demand deposits	\$4,193	\$4,300
Certificates of deposit	41,000	34,500
Total deposits and investments	\$45,193	\$38,800

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

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,583	\$37,501	\$4,918
Special Revenue	7,650	8,707	1,057
Capital Projects	9,500	21,044	11,544
Total	\$49,733	\$67,252	\$17,519

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,307	\$34,082	\$20,225
Special Revenue	14,234	6,105	8,129
Capital Projects	21,990	21,672	318
Total	\$90,531	\$61,859	\$28,672

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,415	\$31,790	(\$4,625)
Special Revenue	7,950	8,906	956
Capital Projects	15,500	10,500	(5,000)
Expendable Trust	0	1,902	1,902
Total	\$59,865	\$53,098	(\$6,767)

**VILLAGE OF STONE CREEK  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,336	\$31,157	\$27,179
Special Revenue	13,755	11,443	2,312
Capital Projects	25,881	9,935	15,946
Expendable Trust	0	1,902	(1,902)
Total	\$97,972	\$54,437	\$43,535

**Material Noncompliance**

Contrary to Section 5705.41 (B) Ohio Rev. Code, at December 31, 2000, expenditures exceeded appropriation authority in the Expendable Trust Veteran's Memorial Fund and Special Revenue Income Tax Fund by \$1,902 and \$5,660, respectively. In addition, contrary to Section 5705.41 (D) Ohio Rev. Code, the Village's fiscal officer did not always certify the availability of funds prior to incurring the obligation.

**5. 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.

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF STONE CREEK  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**7. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority - EV0423	\$7,500	0%
Ohio Water Development Authority - EV0422	<u>7,500</u>	0%
Total	<u><u>\$15,000</u></u>	

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

**8. RETIREMENT SYSTEM**

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. This plan provides retirement benefits, including postretirement 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. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effectively July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**9. RISK MANAGEMENT**

Risk Pool Membership

The Government belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-occurrence limit of \$2,000,000.

VILLAGE OF STONE CREEK  
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

9. RISK MANAGEMENT (Continued)

Property Coverage

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	19,358,458	\$17,112,129
Liabilities	(8,827,588)	(7,715,035)
Retained earnings	10,530,870	9,397,094
 <u>Property Coverage</u>	 <u>2001</u>	 <u>2000</u>
Assets	1,890,323	\$1,575,614
Liabilities	(469,100)	(281,561)
Retained earnings	1,421,223	1,294,053

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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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 43840

To the Village Council:

We have audited the accompanying financial statements of the Village of Stone Creek (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 7, 2002, which disclosed a restatement of certain fund balances due to the elimination of the Special Revenue Income Tax Fund. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-31279-001 through 2001-31279-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 7, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village'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.

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 June 7, 2002.

This report is intended solely for the information and use of the 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". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

June 7, 2002

**VILLAGE OF STONE CREEK  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**MATERIAL NONCOMPLIANCE**

**FINDING NUMBER 2001-31279-001**

**Ohio Rev. Code Section 5705.41(D)** requires that no subdivision or taxing unit make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two "exceptions" to the above requirement:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
  
- B. If the amount involved is less than \$1,000, the Clerk/Treasurer may authorize payment through a Then and Now Certificate without affirmation of Village Council, if such expenditure is otherwise valid

During 2001 and 2000, 55% and 50%, respectively, of the expenditures tested were not certified as to the availability of funds by the Clerk/Treasurer prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The Village should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Village should implement the use of Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

This matter was reported in the management letter of our audit of the 1999 and 1998 financial statements.

**FINDING NUMBER 2001-31279-002**

**Ohio Rev. Code Section 5705.41(B)** requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31 2000, expenditures plus outstanding encumbrances exceeded appropriations in the Expendable Trust Veteran's Memorial Fund and the Special Revenue Income Tax Fund by \$1,902 and \$5,660, respectively, which was 100% of the Expendable Trust Fund expenditures and 41% of the Special Revenue Fund expenditures, respectively. The Village should limit expenditures to appropriations. When Village Council believes additional expenditures are warranted, the Village should obtain an Amended Certificate of Estimated Resources for additional revenues received and increase their appropriations accordingly.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
JULY 23, 2002**