



**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

AGREED UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2009-2010



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Mineral City
Tuscarawas County
8503 North High Street
Mineral City, Ohio 44656

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of Mineral City (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2010 and 2009 and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). Government Auditing Standards considers this service to impair the independence of the Auditor of State to provide attest services to the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, Government Auditing Standards permits the Auditor of State to perform this engagement, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to perform attest services for Ohio governments.

This report only describes exceptions exceeding \$10.

Cash

1. We tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Fund Status Report to the December 31, 2008 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation without exception.

5. We selected all outstanding checks from the December 31, 2010 and 2009 bank reconciliations:
 - a. We traced each check to the debit appearing in the subsequent January bank statement and February financial institutions website. We found no exceptions.
 - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2010 and one from 2009:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2010 and 2009:
 - a. Two personal property tax receipts
 - b. Two real estate tax receiptsWe noted the Receipts Register Report included the proper number of tax settlement receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2010 and five from 2009.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Federal Emergency Management Corporation (FEMA) to the Village during 2009 with FEMA. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Income Tax Receipts

1. We selected five income tax returns filed during 2010 and five from 2009.
 - a. We compared the payment recorded on the tax return to the amount recorded in the Income Tax Revenue Ledger. The amounts agreed.
 - b. We compared the cash register tape total from step a. to the amount recorded as income tax receipts in the Receipt Register Report for that date. The amounts agreed.
 - c. We determined whether these receipts were allocated to the proper fund as required by Ordinance 537 and 541. We found no exceptions.
 - d. We determined whether the receipts were recorded in the proper year. We found no exceptions.

2. We selected five income tax refunds from 2010 and three from 2009.
 - a. We compared and recalculated the refund paid from Payment Register Detail Report to the refund amount requested in the tax return. We noted two of the eight refunds tested in the amounts of \$50.57 and \$7 which were improperly calculated by the Village and the taxpayer should not have been due a refund.
 - b. We noted each of the refunds was approved by Village Council.
 - c. We noted the refunds were paid from the General Fund as is required.

Over-The-Counter Cash Receipts

We tested all over-the-counter cash receipts from the year ended December 31, 2010 and all over-the-counter cash receipts from the year ended 2009 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Register Report. The amounts agreed.
- b. Amount charged complied with rates in force during the period. We found no exceptions.
- c. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit report, we noted the following notes outstanding as of December 31, 2008. These amounts agreed to the Villages' January 1, 2009 balances on the summary we used in step 3.

| Issue | Principal outstanding as of December 31, 2008: |
|-----------------|--|
| Fire Truck Note | \$224,769 |

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. All debt noted agreed to the summary we used in step 2.
3. We obtained a summary of note debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to Fire Protection fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Employee Detail Adjustment Report and determined whether the following information in the employees' personnel files and the minute records was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above, except the State income tax withholding authorizations were not maintained for any of the employees. Federal income tax withholding forms were not maintained for two employees, and retirement system enrollment form was not

maintained for six employees. The payroll register did disclose withholdings for the employees. We recommend the Village maintain all documentation to support deductions withheld. Because we did not test all employees, our report provides no assurance whether or not additional similar errors occurred.

2. We tested the checks we selected in step 1, as follows:
 - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We noted one employee's rate was not statutorily approved in the minutes by Village Council, this was a new hire that was paid the same as the prior employee. Because we did not test all employees, our report provides no assurance whether or not additional similar errors occurred.
 - b. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and the minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2010. We noted the following:

| Withholding | Date Due | Date Paid | Amount Withheld | Amount Paid |
|--|----------|-----------|-----------------|-------------|
| Federal income taxes | 01/31/11 | 12/31/10 | \$130.78 | \$130.78 |
| State income taxes | 01/15/11 | 12/31/10 | \$45.61 | \$45.61 |
| Village of Mineral City income taxes | 01/31/11 | 12/31/10 | \$76.68 | \$76.68 |
| OPERS retirement (withholding plus employee share) | 01/30/11 | 12/31/10 | \$151.75 | \$151.75 |

4. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The Village's payout policy.
 The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2010 and ten from the year ended 2009 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found one instance

where the certification date was after the vendor invoice date, and there was no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41 (D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring a certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total from the *Amended Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Maintenance and Repair and Fire Protection funds for the years ended December 31, 2010 and 2009. The amounts agreed.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, Street Maintenance and Repair, and Fire Protection funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2010 and 2009 for the following funds: General, Street Maintenance and Repair, and Fire Protection. The amounts on the appropriation resolutions agreed to the Appropriation Status Report for 2009. The amount on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Status report in 2010. The Appropriation Status Report reflected \$196,520, \$49,969 and \$73,500 for the General, Street Maintenance and Repair, and the Fire Protection funds, respectively. However, the appropriations reflected \$197,835, \$43,596, and 76,259 for the General, Street Maintenance and Repair, and Fire Protection Funds, respectively. The Council should monitor the Adopted Appropriation closely to ensure they match the Appropriation Status Report to ensure that the proper amount is budgeted for expenditures. Because we did not test appropriations for all funds, our report provides no assurance whether or not additional similar errors occurred.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Maintenance and Repair, and Fire Protection funds for the years ended December 31, 2010 and 2009. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2010 and 2009 for the General, Street Maintenance and Repair and Fire Protection fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2010 and 2009. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the CBDG fund during 2010 to segregate Community Block Development Grant receipts and disbursements, in compliance with Section 5705.09 and 2 CFR Part 176.210. We also noted the Village established the OPWC fund during 2010 to segregate Ohio Public Works Commission receipts and disbursements, in compliance with Section 5705.09 and 2 CFR Part 176.210.

7. We scanned the 2010 and 2009 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified no purchases subject to the aforementioned bidding requirements.

2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2010 and 2009 to determine if the Village had road construction projects exceeding \$30,000 for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

Officials Response: I have reviewed the audit information presented to me and believe that if I haven't already corrected the issues that were brought to my attention I will continue to work at improving our policies and procedures in the future to limit or eliminate all together these issues. We have also turned over our Tax Collections to Regional Income Tax Agency "RITA" which will also alleviate future tax refund issues.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

June 29, 2011



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VILLAGE OF MINERAL CITY

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 12, 2011