



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Union City
Darke County
Union City, Ohio 45390

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Union 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, 2012 and 2011, including mayor's court receipts, disbursements and balances, 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.

This report only describes exceptions exceeding \$10.

Cash and Investment

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Report to the December 31, 2010 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, 2012 and 2011 fund cash balances reported in the Fund Reports. The amounts agreed.
4. We confirmed the December 31, 2012 Certificate of Deposit balances with the Village's financial institution. We found no exceptions. We also observed the year-end bank balances for the main checking and payroll checking accounts on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation. All amounts agreed except the Certificate of Deposit amount was \$703.32 higher on the entity's bank reconciliation.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement on the financial institutions website. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

Cash and Investment (Continued)

6. We tested interbank account transfers occurring in December of 2011 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2012 and December 31, 2011 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012 and one from 2011:
 - a. We traced the gross receipts from the Statement to the amount recorded in the Receipt Register. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds 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 to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Receipts Register included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011. We also selected five receipts from the County Auditor's Vendor's Reports from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. 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 2012 and five from 2011.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the deposit ticket. The amounts agreed.
 - b. We compared the deposit ticket total from step a. to the amount recorded as income tax receipts in the Receipt Register for that date. The amounts agreed.
2. We determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2012 and five from 2011.
 - a. We compared the refund paid from Check Register to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds were approved by Tax Administrator.
 - c. We noted the refunds were paid from the General Fund, as is required.

Over-The-Counter Cash Receipts

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2012 and 10 over-the-counter cash receipts from the year ended 2011 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt Register. 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.

Water and Sewer Fund

1. We haphazardly selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2012 and 10 Water and Sewer Fund collection cash receipts from the year ended 2011 recorded in the Receipt Register and determined whether the:

- a. Receipt amount per the Receipt Register agreed to the amount recorded to the credit of the customer's account in the Payment Posting Report. The amounts agreed.
- b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Payment Posting Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
- c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

2. We read the System Status Report.

- a. We noted this report listed \$148,355.67 and \$116,516.34 of accounts receivable as of December 31, 2012 and 2011, respectively.
- b. Of the total receivables reported in the preceding step, \$571.22 and \$554.36 were recorded as more than 90 days delinquent.

3. We reviewed non-cash A/R adjustments.

- a. We selected five non-cash adjustments from 2012 and five non-cash adjustments from 2011, and noted that the Council approved each adjustment.
- b. The Village does not have non-cash accounts receivable adjustments report. Without a non-cash accounts receivable report, the Village lacks reliable information on completeness of systems-derived document on non-cash adjustments and approval of non-cash adjustment, and information upon which to judge whether the Village should write off or follow up on non-cash account receivable system. We recommend the Village acquire a non-cash adjustment system.

Debt

1. From the prior audit documentation, we noted the following bonds, notes and loans outstanding as of December 31, 2010. These amounts agreed to the Villages January 1, 2011 balances on the summary we used in step 3.

Debt (Continued)

<u>Issue</u>	<u>Principal outstanding as of December 31, 2010:</u>
Elm Street Properties	\$ 82,678
Commerce Park & Sanitary Sewer	\$170,196
OPWC – Elm Street	\$273,837
Ambulance E553-3	\$ 86,814
OPWC – Water Tower	\$156,030
ONB Water Tower	\$ 23,102

2. We inquired of management, and scanned the Receipt Register and Check Register for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonds, loans, and note debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to debt service, fire/rescue, and water fund payments reported in the Check Register. 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 2012 and one payroll check for five employees from 2011 from the Hourly Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Hourly Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files 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. Departments and funds 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.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2012. We noted the following:

Payroll Cash Disbursements (Continued)

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal Income Taxes & Medicare	January 31, 2013	December 31, 2012	\$403.11	\$403.11
Ohio State Income Taxes	January 15, 2013	December 28, 2012	\$744.81	\$744.81
Indiana State Income Taxes	January 30, 2013	December 28, 2012	\$329.21	\$329.21
Village of Union City Income Taxes	January 31, 2013	December 28, 2012	\$1,212.96	\$1,212.96
City of Greenville Income Taxes	January 31, 2013	December 28, 2012	\$40.96	\$40.96
School Tax	January 15, 2013	December 28, 2012	\$437.71	\$437.71
OPERS retirement	January 30, 2013	December 31, 2012	\$4,292.63	\$4,292.63
OP&F retirement	January 31, 2013	December 31, 2012	\$2,076.33	\$2,076.33

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 Hourly Detail 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 Check Register for the year ended December 31, 2012 and ten from the year ended 2011 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 Check Register 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 no exceptions.

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2012 and December 31, 2011 to the Mayor's Court Agency Fund balance reported in the Fund Statement. The balances agreed.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2012 and 2011 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balance with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.

Mayors Court Transactions and Cash Balances (Continued)

5. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
 - a. Duplicate receipt book.
 - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
 - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed, except two instances representing partial payments of the judgment, which is not an exception.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2012 and one month from the year ended 2011 and determined whether:
 - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
 - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. 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 cash book.

Compliance – Budgetary

1. We compared the total estimated receipts from Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Report with Estimates for the General, Street and Fire/Rescue funds for the years ended December 31, 2012 and 2011. The amounts agreed.
2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General, Street and Fire/Rescue 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 Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Report for 2012 and 2011 for the following funds: General, Street, and Fire/Rescue. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street, and Fire/Rescue funds for the years ended December 31, 2012 and 2011. 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, 2012 and 2011 for the General, Street, and Fire/Rescue fund, as recorded in the Appropriation 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 Revenue Report for evidence of new restricted receipts requiring a new fund during December 31, 2012 and 2011. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.

Compliance – Budgetary (Continued)

7. We scanned the 2012 and 2011 Revenue Report and Appropriation Reports for evidence of interfund transfers 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 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 Check Register report for the years ended December 31, 2012 and 2011 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified a trash hauling service contract exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For this project, we noted that the Council advertised the project in a local newspaper, and selected the lowest responsible bidder.

2. We inquired of management and scanned the Check Register for the years ended December 31, 2012 and 2011 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) 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.

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, those charged with governance, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

March 26, 2013

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VILLAGE OF UNION CITY

DARKE 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
MAY 9, 2013