



Dave Yost • Auditor of State



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Union City
Darke County
419 East Elm Street
Union City, Ohio 45390

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the 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, 2014 and 2013, 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 Investments

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Report to the December 31, 2012 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Report to the December 31, 2013 balances in the Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Fund Reports. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances for the certificates of deposit and savings account with the Village's financial institution. We found no exceptions. We also observed the year-end bank balances for the regular 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, 2014 bank reconciliation without exception.

Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliations:
 - a. We traced each debit to the financial institution's 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.
6. We tested interbank account transfers occurring in December of 2014 and 2013 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, 2014 and December 31, 2013 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 Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Report. 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 Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipt Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the County Auditor's Vendor Reports from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt 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.

Income Tax Receipts

1. We selected five income tax returns filed during 2014 and five from 2013.
 - a. We compared the payment amount recorded on the tax return to the amount recorded on the Income Tax Cash Receipts Journal. The amounts agreed.
 - b. We compared the Income Tax Cash Receipts Journal total from step a. to the amount recorded as income tax receipts in the Receipt Register for that date. The amounts agreed.

Income Tax Receipts (Continued)

2. We determined whether the receipts were recorded in the year received. We found no exceptions.
3. We selected five income tax refunds from 2014 and five from 2013.
 - a. We compared the refund paid from the Check Register to the refund amount requested in the tax return. The amounts agreed.
 - b. We noted each of the refunds were approved by the 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, 2014 and 10 over-the-counter cash receipts from the year ended 2013 recorded in the duplicate cash receipts book and determined whether the:

- a. Receipt amount agreed to the amount recorded in the Receipt 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(s), 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, 2014 and 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2013 recorded in the Receipt Report and determined whether the:
 - a. Receipt amount per the Receipt Report 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 Detail 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 fund(s), and was recorded in the year received. We found no exceptions.
2. We read the System Status Report.
 - a. We noted this report listed \$132,289 and \$126,144 of accounts receivable as of December 31, 2014 and 2013, respectively.
 - b. Of the total receivables reported in the preceding step, \$0 and \$86 were recorded as more than 90 days delinquent.
3. We reviewed the non-cash A/R adjustments.
 - a. We noted that the Village did not have a non-cash accounts receivable adjustments report. Without a non-cash accounts receivable adjustments report, the Village lacks reliable information on completeness of systems-derived documentation related to non-cash adjustments and approval of non-cash adjustments, and information upon which to judge whether the Village should write-off or follow up on uncollected or disputed amounts. The Village should develop a system-generated report that can show all non-cash accounts receivable adjustments for any given year.

Water and Sewer Fund (Continued)

- b. We selected five non-cash adjustments from 2014 and five non-cash adjustments from 2013, and noted that the Utility Clerk approved the adjustments or the adjustments were made in accordance with an existing Village Ordinance.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following notes and loans outstanding as of December 31, 2012. These amounts agreed to the Village's January 1, 2013 balances on the Schedule of Total Indebtedness.

Issue	Principal outstanding as of December 31, 2012:
OPWC – Water Tower and Lines	\$135,226
Commerce Park ONB	\$132,283
OPWC – Elm Street Project	\$244,233
Elm Street Project ONB	\$52,035
Commerce Park CIC	\$157,393

2. We inquired of management, and scanned the Receipt Report and Check Register for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the Village's Schedule of Total Indebtedness for 2014 and 2013.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Hours Report – Detail and:
 - a. We compared the hours and pay rate, or salary recorded in the Hours Report - Detail to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions
 - b. We determined whether the fund and account code(s) to which the check was posted were reasonable based on the employees' duties as documented in the Hours Report – Detail and timesheets. 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. 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.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 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 2014. 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, 2015	December 23, 2014 December 26, 2014	\$2,473	\$2,473
Ohio State income taxes	January 15, 2015	December 29, 2014	\$686	\$686
Indiana State income taxes	January 15, 2015	December 29, 2014	\$240	\$240
Village of Union City income taxes	January 31, 2015	December 29, 2014	\$1,136	\$1,136
School District Income Tax	January 31, 2015	December 29, 2014	\$386	\$386
OPERS retirement	January 30, 2015	December 31, 2014 December 31, 2014	\$3,546	\$3,546
OP&F retirement	January 31, 2015	December 29, 2014 December 29, 2014	\$1,827	\$1,827

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 Hours Report - Detail:
 - 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, 2014 and ten from the year ended 2013 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 canceled check image 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 two instances where the certification date was after the vendor invoice date, and there was also 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 certification, our report provides no assurance whether or not additional similar errors occurred.

Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2014 and December 31, 2013 to the Mayor's Court Agency Fund balance reported in the Fund Account Balance Listing Report. The balances agreed.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2014 and 2013 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2014 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, 2014 bank reconciliation without exception.
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 one instance representing a partial payment of a judgment, which is not an exception.

6. From the cash book, we haphazardly selected one month from the year ended December 31, 2014 and one month from the year ended 2013 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 the 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, 2014 and 2013. The amounts agreed.
2. We scanned the appropriation measures adopted for 2014 and 2013 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 identified that the annual appropriation measures adopted by the Village Council for 2014 and 2013 did not appropriate separately within each division/department an amount for personal services. The Village should appropriate at the minimum level as required by Ohio Rev. Code Section 5705.38(C).

Compliance – Budgetary (Continued)

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 2014 and 2013 for the following funds: General, Street and Fire/Rescue funds. 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, 2014 and 2013. 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, 2014 and 2013 for the General, Street and Fire/Rescue funds, 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, 2014 and 2013. We also inquired of management regarding whether the Village received new restricted receipts. The Village established a Capital Improvements fund during 2013 to segregate funding for necessary permanent and capital improvements receipts and disbursements, in compliance with Section 5705.09.
7. We scanned the 2014 and 2013 Revenue Reports 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 Report 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.
9. We scanned the Fund Report for the years ended December 31, 2014 and 2013 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Check Register for the years ended December 31, 2014 and 2013 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.

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

Dave Yost
Auditor of State

Columbus, Ohio

July 8, 2015



Dave Yost • Auditor of State

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
JULY 23, 2015