



Mary Taylor, CPA  
Auditor of State





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### INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of New Middletown  
Mahoning County  
10711 Main Street  
New Middletown, Ohio 44442

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of the Village of New Middletown (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, 2009 and 2008 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, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2008 beginning fund balances recorded in the Fund Status Report to the December 31, 2007 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, 2009 and 2008 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2009 bank reconciliation without exception.
5. We selected five outstanding checks haphazardly from the December 31, 2009 bank reconciliation:
  - a. We traced each check to the debit appearing in the subsequent January bank statement. 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.

**Cash and Investments – (Continued)**

6. We tested investments held at December 31, 2009 and December 31, 2008 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, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2009 and one from 2008:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger Report. We also traced the advances noted on the Statement to the Revenue Ledger 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 Revenue Ledger Report to determine whether it included the proper number of tax receipts for 2009 and 2008:
  - a. Two personal property tax receipts.
  - b. Two real estate tax receipts plus numerous advances. We noted the Revenue Ledger 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 2009 and five from 2008.
  - a. We compared the amount from the DTL to the amount recorded in the Revenue Ledger Report. 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.

**Debt**

1. We inquired of management, and scanned the Revenue Ledger Report and Appropriation Ledger Report for evidence of bonded or note debt issued during 2009 or 2008.
2. We obtained a summary of note debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedules to the various funds payments reported in the Appropriation Ledger Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
3. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the SCM&R fund per the Revenue Ledger Report. The amounts agreed.

**Debt - (Continued)**

4. For new debt issued during 2009 and 2008, we inspected the debt legislation, noting the Village must use the proceeds to purchase a street department truck. We scanned the Appropriation Ledger Report and noted the Village purchased a street department truck in August of 2009.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Employee Payroll Report and 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.

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 found no exceptions.
  - 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. 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, 2009 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009.

We noted the following:

<b>Withholding</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Withheld</b>	<b>Amount Paid</b>
Federal income taxes	January 31, 2010	12/28/09	\$2,759.55	\$2,759.55
State income taxes	January 15, 2010	01/08/10	\$2,849.55	\$2,849.55
OPERS retirement (withholding plus employee share)	January 30, 2010	12/28/09	\$1,725.02	\$1,725.02
OP&F retirement (withholding plus employee share)	January 31, 2010	12/28/09	\$3,301.58	\$3,301.58

### **Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Appropriation Ledger Report for the year ended December 31, 2009 and ten from the year ended 2008 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 Appropriation Ledger 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 no exceptions.

### **Mayors Court Transactions and Cash Balances**

1. We tested the mathematical accuracy of the December 31, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2009 and December 31, 2008 to the Mayor's Court Agency Fund balance reported in the Fund Status Reports. The balances agreed.
3. We agreed the totals per the bank reconciliations to the total of December 31, 2009 and 2008 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We observed the year-end bank balance on the financial institution's website. The balance agreed to the amount appearing in the December 31, 2009 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.

6. From the cash book, we haphazardly selected two months from the year ended December 31, 2009 and two months from the year ended 2008 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 four 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 totals 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 Status Report for the General, SCM&R, and Police funds for the years ended December 31, 2009 and 2008.

The amounts recorded in the 2009 Revenue Status Report for the General, SCM&R, and Police funds were \$241,475, \$142,750, and \$314,150 respectively. However, the totals from the 2009 *Certificate* for the General, SCM&R, and Police funds were \$193,902, \$140,000, and \$303,450 respectively. Also, the amounts recorded in the 2008 Revenue Status Report for the General, SCM&R, and Police funds were \$192,524, \$78,300, and \$330,200 respectively. However, the totals from the 2008 *Certificate* for the General, SCM&R, and Police funds were \$195,626, \$80,000, and \$328,450 respectively.

The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.

2. We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, SCM&R and Police 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 Ledger Report for 2009 and 2008 for the following funds: General, SCM&R and Police Funds.

The amounts recorded in the 2009 Appropriation Ledger Report for the General, SCM&R, and Police funds were \$326,950, \$235,500, and \$320,200 respectively. However, the totals from the 2009 appropriations for the General, SCM&R, and Police funds were \$325,500, \$174,000, and \$329,445 respectively. Also, the amounts recorded in the 2008 Appropriation Ledger Report for the General, SCM&R, and Police funds were \$326,425, \$159,300, and \$330,100 respectively. However, the totals from the 2008 appropriations for the General, SCM&R, and Police funds were \$325,500, \$169,000, and \$334,000 respectively.

The Fiscal Officer should periodically compare amounts recorded in the Appropriation Ledger Report to amounts recorded in the Appropriations to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.

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, SCM&R and Police funds for the years ended December 31, 2009 and 2008. 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, 2009 and 2008 for the General, SCM&R and Police funds, as recorded in the Appropriation Ledger Report. We noted no funds for which expenditures exceeded appropriations.

### **Compliance – Budgetary – (Continued)**

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Revenue Status Report for evidence of new restricted receipts requiring a new fund during December 31, 2009 and 2008. We also inquired of management regarding whether the Village received new restricted receipts. The Village established the State Route 170 Lighting, Stacy Drive Phase 4, and Police Car Computer funds during 2009 to segregate receipts and disbursements, in compliance with Section 5705.09.
7. We scanned the 2009 and 2008 Revenue Status Reports and Appropriation Ledger Reports for evidence of interfund transfers exceeding \$20,000 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 Ledger 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 Appropriation Ledger report for the years ended December 31, 2009 and 2008 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.

We identified a street resurfacing project and a truck purchase exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For these projects, 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 Appropriation Ledger report for the years ended December 31, 2009 and 2008 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.
3. For the road maintenance project described in step 2 above, we read the contract and noted that it required the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05. The contract included the Ohio Department of Commerce's schedule of prevailing rates.

### **Officials' Response**

The exceptions noted in number 1 and number 3 of Budgetary – Compliance above were mistakes which were discovered after year end. The correct fund balances were presented to Council at their January meeting. A fund balance update report is presented to Council at each monthly meeting.

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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

June 18, 2010





Mary Taylor, CPA  
Auditor of State

VILLAGE OF NEW MIDDLETOWN

MAHONING 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 27, 2010