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January 3, 2011

Honorable Mayor and Board of Aldermen  
City of Union, Mississippi

We have audited the financial statement of the City of Union, Mississippi for the year ended September 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 3, 2011. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Union, Mississippi are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statement taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 3, 2011.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statement or a determination of the type of auditor's opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Mayor and Board of Aldermen and management of the City of Union, Mississippi and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Price & Co.

## **FINDINGS**

Finding: The City does not maintain an adequate segregation of duties as to cash and investments receipting and depositing; posting of general ledger; purchases and purchase approval; goods receiving and subsequent disbursements. This condition was noted in the September 30, 2009 report.

Recommendation: Most smaller municipalities do not find it cost effective to employ enough personnel to have an adequate segregation of accounting duties. The City Council should closely monitor the City's finances.

Response: The Mayor closely monitors the City's day-to-day finances.

Finding: The City accepted high bids on surplus property from a City employee. The employee bid \$800 for a 1985 Ford F350, \$560 for a 1992 Ford F150, \$601 for a 1993 Ford Crown Victoria, and \$630 for a 1997 Ford Crown Victoria.

Response: Bids will not be accepted on the sale of City equipment from City employees.