



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Waite Hill
Lake County
7215 Eagle Road
Waite Hill, Ohio 44094

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Waite Hill, Lake County, Ohio (the Village), on the receipts, disbursements and balances recorded in the Villages cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. 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 recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Treasurer's Report to the December 31, 2016 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Treasurer's Report to the December 31, 2017 balances in the Treasurer's Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Treasurer's Report. 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, 2018 bank reconciliation without exception.
5. We inspected the reconciling debit (such as outstanding checks) from the December 31, 2018 bank reconciliation:
 - a. We traced the debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amount and date to the check register, to determine the debit was dated prior to December 31. There were no exceptions.

Cash and Investments – (Continued)

6. We traced interbank account transfers occurring in December of 2018 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
7. We inspected investments held at December 31, 2018 and December 31, 2017 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 non-statistical sample of property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Transaction Detail by Account Report. We also traced the advances noted on the *Statement* to the Transaction Detail by Account Report. The amounts agreed.
 - b. We inspected the Transaction Detail by Account Report to confirm 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 inspected the Transaction Detail by Account Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Transaction Detail by Account to determine whether it included two real estate tax receipts plus two advances for 2018 and 2017. The Transaction Detail by Account included the proper number of tax receipts for each year.
3. We selected a non-statistical sample of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a non-statistical sample of five receipts from the County Auditor's Auto Registration Distributions Report from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Transaction Detail by Account. The amounts agreed.
 - b. We inspected the Transaction Detail by Account to determine that these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Transaction Detail by Account to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior audit documentation, we observed the following bonds were outstanding as of December 31, 2016. The amount agreed to the Villages January 1, 2017 balances on the summary we used in procedure 3.

Issue
General Obligation Bonds

**Principal outstanding as
of December 31, 2016:**
\$1,935,000

Debt – (Continued)

2. We inquired of management, and inspected the Transaction Detail by Account for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bond and loan debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Transaction Detail by Account. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. For new OPWC loan issued during 2018, we inspected the debt agreement, which indicated the State Paid \$50,000 on the Village's behalf to contractors for road improvements.

Payroll Cash Disbursements

1. We selected a non-statistical sample of one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Payroll Journal and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Journal to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm 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 2018. We observed the following:

Withholding (plus employer share, where applicable)	<u>Date Due</u>	<u>Date Paid</u>	<u>Amount Due</u>	<u>Amount Paid</u>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	January 4, 2019	\$3,978.17	\$3,978.17
State income taxes	January 15, 2019	January 15, 2019	1,171.28	1,171.28
Mentor on the Lake Local Income Tax	January 15, 2019	January 15, 2019	80.98	80.98
OPERS retirement	January 30, 2019	January 15, 2019	5,056.11	5,056.11
OP&F retirement	January 31, 2019	December 31, 2018	11,107.60	11,107.60

Non-Payroll Cash Disbursements

We selected a non-statistical sample of ten disbursements from the Transaction Detail by Account Report for the year ended December 31, 2018 and ten from the year ended December 31, 2017 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 Transaction Detail by Account 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.

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 Profit & Loss Budget Overview Report for the General Fund, Street Construction Maintenance and Repair Fund, and Capital Improvement Fund for the years ended December 31, 2018 and 2017. The amounts on the Certificate agreed to the amount recorded in the accounting system, except for the General Fund, Street Construction Maintenance and Repair Fund, and Capital Improvement Fund. The Profit & Loss Budget Overview Report recorded budgeted (i.e. certified) resources for the General Fund of \$1,114,479 for 2018 and \$1,132,247 for 2017. However, the final Amended Official Certificate of Estimated Resources reflected \$1,076,990 for 2018 and \$1,146,811 for 2017. The Profit & Loss Budget Overview Report recorded budgeted (i.e. certified) resources for the Street Construction Maintenance and Repair Fund of \$0 for 2018. However, the final Amended Official Certificate of Estimated Resources reflected \$24,000. The Profit & Loss Budget Overview Report recorded budgeted (i.e. certified) resources for the Capital Improvement Fund of \$0 for 2018. However, the final Amended Official Certificate of Estimated Resources reflected \$130,000. The Fiscal Officer should periodically compare amounts recorded in the Profit & Loss Budget Overview 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 inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General Fund, Street Construction Maintenance and Repair Fund, and Capital Improvement Fund, 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 Profit & Loss Budget Overview for 2018 and 2017 for the following funds: General Fund, Street Construction Maintenance and Repair Fund, and Capital Improvement Fund. The Profit & Loss Budget Overview Report recorded budgeted appropriations for the General Fund of \$1,255,000 for 2018 and \$1,390,486 for 2017. However, the Amended Appropriations reflected \$1,082,600 for 2018 and \$1,217,422 for 2017. The Profit & Loss Budget Overview Report recorded budget appropriations for the Street Construction Maintenance and Repair Fund of \$75,000 for 2018. However, the Amended Appropriations reflected \$50,000. The Profit & Loss Budget Overview Report recorded budgeted appropriations for the Capital Improvement Fund of \$629,000 for 2018. However, the Amended Appropriations reflected \$689,000.

Compliance – Budgetary – (Continued)

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 Fund, Street Construction Maintenance and Repair Fund and Capital Improvement Fund for the years ended December 31, 2018 and 2017. There were 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, 2018 and 2017 for the General Fund, Street Construction Maintenance and Repair Fund, and Capital Improvement Fund, as recorded in the Treasurer's Report. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Transaction Detail by Account for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Transaction Detail by Account for evidence of interfund transfers exceeding \$100 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Transaction Detail by Account to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balance. 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. There were no funds having negative cash fund balances.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Transaction Detail by Account for the years ended December 31, 2018 and 2017 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.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the year ended December 31, 2018 in the Hinkle system. Financial information for 2017 was filed on January 22, 2019 which was not within the allotted timeframe.
2. We inquired of the fiscal officer and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The fiscal officer has CPIM certification, but is not reporting hours earned on the Fiscal Integrity Act Portal.
3. Ohio Rev. Code § 109.60(A)(1) requires Law Enforcement of Villages to report specific information to the Bureau of Criminal Identification and Investigation (BCI) for certain offenses. Village Law Enforcement shall immediately upon arrest of any person (or taking into custody for any child under 18) take and forward the person's or child's fingerprints. We inspected the NICS Process form to determine if there is an established method of fingerprint submission to BCI. The Village has an established method for fingerprint submission to BCI.

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

This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 2, 2019

OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF WAITE HILL

LAKE 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 28, 2019**