

NORTH HILLS WATER DISTRICT

SUMMIT COUNTY

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
North Hills Water District
253 West Aurora Road
Northfield, OH 44067

We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of North Hills Water District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. North Hills Water District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 08, 2021

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North Hills Water District
Summit County
For the Years Ended December 31, 2020 and 2019

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

North Hills Water District
Summit County
253 West Aurora Road
Northfield, OH 44067

We have performed the procedures enumerated below on the North Hills Regional Water and Sewer District's (the District) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the District. The District is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District.

The Board of Trustees and the management of the District have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the District's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2020 and 2019, and certain compliance requirements related to these transactions and balances. Additionally, the Auditor of State has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We attempted to agree the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 Cash balances reported in the General Ledger and the financial statements filed by the District in the Hinkle System. For 2020, the general ledger amount was \$8,717 lower than the bank reconciliation. For 2019, the general ledger amount was \$100 higher than the bank reconciliation. The general ledger amounts were different than the financial statements filed on the Hinkle System by \$7,924 in 2020 and \$6,722 in 2019. Adjustments were made to the general ledger to correct these differences.
3. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the observed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception.
4. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:

- a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register, and determined the debits were dated prior to December 31, 2020. We noted two out of five outstanding checks were not cleared as of the date of this report. These were outstanding checks dated back to January of 2016 still on the outstanding check list.
5. We selected five reconciling credits (such as deposits in transit) from the December 31, 2020 bank reconciliation:
- a. We attempted to trace each credit to the subsequent bank statements. We found there were prior audit adjustments posted as deposits in transit. The bank reconciliations were corrected and the general ledger was adjusted as of the date of this report.
 - b. We agreed the credit amounts to the Receipt Ledger and determined they were dated prior to December 31. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

- 1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes* and the State Distribution Transaction Lists (DTL) from 2020 and a total of five from 2019:
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Ledger. The amounts agreed.
 - b. We inspected the Receipt Ledger to determine the receipts were allocated to the proper fund as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Ledger to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
- 2. We inspected the Receipt Ledger to determine whether it included two real estate tax receipts for 2020 and 2019. The Receipt Ledger included the proper number of tax receipts for each year.

Other Receipts

We selected 10 other receipts from the year ended December 31, 2020:

- a. Agreed the receipt amount recorded in the Receipt Ledger to supporting documentation. The amounts agreed.
- b. Inspected the Receipt Ledger to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found no exceptions.

Debt

- 1. From the prior audit documentation, we observed the following loan was outstanding as of December 31, 2018. These amounts agreed to the District's January 1, 2019 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
OPWC Loan #CH10H	\$152,846

- 2. We inquired of management, and inspected the Receipt Ledger and Expense Ledger for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3.

3. We obtained a summary of loan debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedule to debt service fund payments reported in the Expense Ledger. We also compared the date the debt service payments were due to the date the District made the payments. We found the District had a payment due on July 1st, 2019 and paid it on August 8th, 2019.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the general ledger and:
 - a. We compared the hours and pay rate, or salary recorded in the general ledger to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
 - i. We inspected the employees' personnel files and minute records for the Retirement System, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check.
We found no exceptions.
 - b. We inspected the fund and account code to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files and minute records. We found no exceptions.
 - c. We 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, 2020 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 of 2020. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2021	January 4, 2021	\$2,008	\$2,008
State income taxes	January 15, 2021	February 17, 2021	\$ 208	\$ 208
OPERS retirement	January 30, 2021	December 16, 2020	\$ 490	\$ 490

Non-Payroll Cash Disbursements

1. We selected 10 disbursements from the General Ledger for the year ended December 31, 2020 and 10 from the year ended December 31, 2019 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 General Ledger 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. Ohio Rev. Code Sections 5705.28(B)(2) and 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Section 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 and 2019 for the General and Debt Service funds. Expenditures did not exceed appropriations.
2. We inspected the general ledger for the years ended December 31, 2020 and 2019 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. There were no funds having negative cash fund balances.

Sunshine Law Compliance

1. We obtained and inspected the District's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with the District's management and determined that the District did not have any completed, redacted or denied public records requests during the engagement period.
3. We inquired with District management and determined that the District did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the District's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the District's poster describing their Public Records Policy was displayed conspicuously in all branches of the District as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with District's management and determined that the District did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with District management and determined that the District did not have any elected officials subject to the Public Records Training requirements during the engagement period as required by Ohio Rev. Code §§ 149.43(E)(1) and 109.43(B).
9. We inspected the public notices for the public meetings held during the engagement period and determined the District notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:

- a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.
- We found no exceptions.

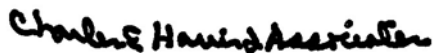
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
- a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.
- We found no exceptions.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires these districts 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. The 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 District filed their complete financial statements, as defined by AOS Bulletin 2015-007 and the Auditor of State established policy within the allotted timeframe for the years ended December 31, 2020 and 2019 in the Hinkle system. There were no exceptions.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the District'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.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Charles E. Harris & Associates, Inc.
July 23, 2021

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OHIO AUDITOR OF STATE KEITH FABER



NORTH HILLS WATER DISTRICT

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/4/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov