

**VILLAGE OF LAKEMORE**

**SUMMIT COUNTY**

**JANUARY 1, 2017 TO DECEMBER 31, 2018  
AGREED-UPON PROCEDURES**



OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Lakemore  
P.O. Box 455  
1400 Main Street  
Lakemore, Ohio 44250

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Lakemore, Summit County, prepared by Julian & Grube, Inc., for the period January 1, 2017 through December 31, 2018. 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. The Village of Lakemore is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 5, 2019

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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

Village of Lakemore  
Summit County  
P.O. Box 455  
1400 Main Street  
Lakemore, Ohio 44250

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Lakemore (“the Village”) and the Auditor of State on the receipts, disbursements and balances recorded in the Village’s 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**

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 Cash Summary by Fund Report to the December 31, 2016 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2017 balances in the Fund Status 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 Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balances with the Village’s financial institution. 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 selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. 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. There were no exceptions.

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.

### **Property Taxes and Intergovernmental Cash Receipts**

1. We selected a 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 Revenue Ledger Report. We also traced the advances noted on the Statement to the Revenue Ledger Report. The amounts agreed.
  - b. We inspected the Revenue Ledger Report to confirm the receipt was 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 Revenue Ledger Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Ledger Report to determine whether it included two real estate tax receipts plus four advances for 2018 and 2017. The Revenue Ledger Report included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's Vendor Report from 2018 and five from 2017.
  - a. We compared the amount from the above reports to the amount recorded in the Revenue Ledger Report. The amounts agreed.
  - b. We inspected the Revenue Ledger Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Revenue Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Income Tax Receipts**

1. We obtained the December 31, 2018 and 2017 Monthly Distribution Summary Report submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per year to the Village's Revenue Ledger Report. The amounts agreed.
2. We compared the allocation of income tax receipts for the years ended December 31, 2018 and 2017 to the Village's funds according to the allocation requirements of Ordinance No. 1587-2017. The allocation agreed with the percentages the Ordinance requires.

### **Water Operating, Sewer Operating, Trash Operating and Storm Sewer Utility Funds**

1. We selected a sample (agreed upon) of 10 Water Operating, Sewer Operating, Trash Operating, and Storm Sewer Utility Funds collection cash receipts from the year ended December 31, 2018 and 10 Water Operating, Sewer Operating, Trash Operating, and Storm Sewer Utility Funds collection cash receipts from the year ended 2017 recorded in the Revenue Ledger Report and determined whether the:
  - a. Receipt amount per the Revenue Ledger Report agreed to the amount recorded to the credit of the customer's account in the Daily Cash Receipts Journal. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Daily Cash Receipts Journal 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 funds and was recorded in the year received. We found no exceptions.
2. We observed the Aged Customer Delinquent Report.
  - a. This report listed \$177,393 and \$172,866 of accounts receivable as of December 31, 2018 and 2017, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$151,953 and \$145,943 were recorded as more than 90 days delinquent.
3. We observed the Daily Cash Receipts Journal Report.
  - a. This report listed a total of \$3,702 and \$5,850 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
  - b. We selected a sample (agreed upon) of five non-cash adjustments from 2018 and five non-cash adjustments from 2017 and observed that the Fiscal Officer approved each adjustment.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loans and leases were outstanding as of December 31, 2016. These amounts did not agree to the Village's January 1, 2017 balances on the summary we used in procedure 3. The summary from procedure 3 showed the Fire Truck lease balance at \$44,906 and the OWDA Loan balance at \$172,997 as of December 31, 2016.

Issue	Principal outstanding as of December 31, 2016:
Fire Truck Lease	\$27,851
2016 Police Cruiser Lease	\$38,519
Dump Truck Lease	\$19,911
OWDA Loan	\$150,543
Rural Community Action Loan	\$17,738

2. We inquired of management and inspected the Revenue Ledger Report and Appropriation Ledger Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. For 2017, there was debt issued in the amount of \$54,000 for an ambulance remount and a lease for \$57,502 for police radios that were not included in the summary provided. Also, for 2017 the debt payment activity agreed to the Village's ledgers, however principal payments of the OWDA Loan per the confirmation was \$6,641 and the Village summary showed \$6,231. For 2018, the debt issued agreed to the summary, except a loan for \$120,477 for improvements to the Sanitarium Road water main, issued through the Ohio Public Works Commission, was not included on the summary. The debt payment activity for 2018 agreed, except for the annual payment of the police radio lease, in the amount of \$15,853, which was not included in the summary.
3. We obtained a summary of bonds, loans and leases debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to the General, Street Construction Maintenance and Repair, and Water Operating fund 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 with the payments in total or the due dates of the payments, however the principal and interest portions were not recorded separately in the Village's ledgers. We also noted the annual payment of the police radio lease, in the amount of \$15,853, was not included in the summary for 2018.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Capital Improvements fund per the Revenue Ledger Report. The amounts agreed. The Village properly recorded the proceeds in a bond fund (i.e. capital projects fund) as required by Ohio Rev. Code Section 5705.09(E).

5. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the Village must use the proceeds for two ambulance remounts, improve the Sanitarium Road water main, lease police radios, and lease a Ford F-150 truck. We inspected the Appropriation Ledger Report and observed the Village had one ambulance remount performed in August of 2017 and one in September of 2018, and paid for construction costs for the improvement of the Sanitarium Road water main in November of 2018. Additionally, the Village entered into two lease agreements, one in 2017 (police radios) and one in 2018 (Ford F-150). We inspected the Appropriation Ledger Report and noted the Village made the first annual lease payment for the police radios in September of 2018. Lease payments for the Ford F-150 are not required until 2019.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wages and Overtime Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage and Overtime Detail Report 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. For any new employees selected in procedure 1 we inspected the employees' personnel files for the following information and compared it with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Departments and funds 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 procedures a. – f. above.

3. 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:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 2, 2019	December 28, 2018	\$4,910.85	\$4,910.85
State income taxes	January 15, 2019	December 28, 2018	\$774.71	\$774.71
RITA income tax	January 31, 2019	December 28, 2018	\$1,113.86	\$1,113.86
OPERS retirement	January 30, 2019	January 29, 2019	\$8,523.34	\$8,523.34
OP&F retirement	January 31, 2019	January 23, 2019	\$5,526.56	\$5,526.56



4. We 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 Employee Detail Adjustment Report:
  - 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**

We selected a sample (agreed upon) of 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2018 and 10 from the year ended 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 Payment Register Detail 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 Revenue Status Report for the General, Street Construction, Maintenance, and Repair and Sewer Operating funds 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 (2018 and 2017), Street Construction, Maintenance and Repair Fund (2018), and Sewer Operating Fund (2017). The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$895,569 for 2018 and \$953,889 for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$897,219 for 2018 and \$1,283,283 for 2017. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Street Construction, Maintenance and Repair fund of \$227,175 for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$151,175 for 2018. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Sewer Operating fund of \$850,750 for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$916,936 for 2017. 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 inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Street Construction, Maintenance, and Repair and Sewer Operating 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 Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Street Construction, Maintenance, and Repair and Sewer Operating funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report report, except for the General (2017) and the Street Construction, Maintenance, and Repair Fund (2018). The Appropriation Status Report recorded budgeted appropriations for the General Fund of \$1,021,636 for 2017. However, the final approved appropriations reflected \$1,055,008 for 2017. The Appropriation Status Report recorded budgeted appropriations for the Street Construction, Maintenance, and Repair Fund of \$227,021 for 2018. However, the final approved appropriations reflected \$126,021 for 2018.
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 Construction, Maintenance, and Repair and Sewer Operating funds 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, Street Construction, Maintenance, and Repair and Sewer Operating funds, as recorded in the Appropriation Status Report. We observed that the Street Construction, Maintenance, and Repair Fund expenditures for 2018 exceeded total appropriations by \$58,589, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Revenue Ledger Report 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. The Village established the Youth Summer Activity, Byrne Crime Grant, Safe and Sober Grant, Drug Law Enforcement Trust, COPS Fast, Drug Enforcement, Police Immobilization, Local DUI Enforcement, and Juvenile Youth Programs funds in past years to segregate the receipts and disbursements for grants received; however, the grant periods are all over and the Village no longer has receipts or disbursements in these funds.
8. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$5,000 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports 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(l) 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 Payment Register Detail Report 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, however, financial information for 2017 was filed on April 16, 2018, which was not within the allotted timeframe for 2017.
2. We inquired of the Fiscal Officer to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. Fiscal Officer obtained the required training.
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.



Julian & Grube, Inc.  
August 14, 2019

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF LAKEMORE**

**SUMMIT 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  
SEPTEMBER 17, 2019**