

***VILLAGE OF ANDOVER***  
***ASHTABULA COUNTY, OHIO***

Agreed Upon Procedures

For the Years Ended December 31, 2019 and 2018







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Columbus, Ohio 43215  
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Village Council  
Village of Andover  
134 Maple Street  
Andover, Ohio 44003

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Village of Andover, Ashtabula County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2018 through December 31, 2019. 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 Andover 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

July 20, 2020

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***Village of Andover***  
***Ashtabula County***  
For the Years Ended December 31, 2019 and 2018

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Village of Andover  
Ashtabula County  
134 Maple Street,  
Andover, Ohio 44003

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Andover (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, 2019 and 2018 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, 2019 and 2018 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, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2017 balances in the documentation in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2019 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2018 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2019 and 2018 fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the observed balances to the amounts appearing in the December 31, 2019 bank reconciliation without exception.
5. We selected both reconciling debits (such as outstanding checks) from the December 31, 2019 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We noted that one out of two outstanding checks was not cleared in following months but properly voided in June, 2020. This is not an exception.
  - 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 2019 and 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, 2019 and December 31, 2018 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 and Intergovernmental Receipts**

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL), and the County Auditor DTLs for 2019 and a total of five from 2018:
  - a. We compared the amount from the above named reports to the amount recorded in the Receipt Export Report. The amounts agreed.
  - b. We inspected the Receipt Export Report to determine these receipts were 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 Receipt Export Report 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 Export Report to determine whether it included two real estate tax receipts for 2019 and 2018. The Receipt Export Report included the proper number of tax receipts for each year.

### **Income Tax Receipts**

1. We obtained the December 31, 2019 and 2018 Total Distributions reports 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 Receipt Export Report. The amounts agreed.
2. We compared the allocation of income tax receipts for the years ended December 31, 2019 and 2018 to the Village's funds according to the allocation requirements of Ordinance No. 2015-10. The allocation agreed with the percentages the Ordinance requires.

### **Water and Sewer Fund**

1. We selected 10 Water and Sewer Fund collection cash receipts from the year ended December 31, 2019 and 10 Water and Sewer Fund collection cash receipts from the year ended 2018 recorded in the Cash Receipts Journal and determined whether the:
  - a. Receipt amount per the Cash Receipts Journal agreed to the amount recorded to the credit of the customer's account in the New Charges Journal. The amounts agreed.



- b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the New Charges 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. The Village provides water and sewer utilities to its customers. The Village does not have an accounts receivable system. Without accounts receivable information, the Village lacks reliable information on overdue amounts, systems-derived documentation on noncash adjustments and approval of noncash adjustments, and information upon which to judge whether the Village should write off or follow up on uncollectible amounts. We recommend the Village acquire an accounts receivable and billing system.

**Debt**

1. From the prior audit, we observed the following loans were outstanding as of December 31, 2017. This amount agreed to the Village's January 1, 2018 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2017:
OPWC Capital Project Loans	\$163,890
OWDA Capital Project Loans	\$1,065,108
Water Meter Loan	\$103,354

2. We inquired of management, and inspected the Receipt Export Report and Payment Export Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2019 and 2018 and agreed principal and interest payments from the related debt amortization schedules to the Sewer Fund payments reported in the Payment Export Report. 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 debt issued during 2019 and 2018, we inspected the debt legislation, which stated the Village must use the proceeds to upgrade Water and Sewer system. We inspected the Payment Export Report and observed the Village started a Water and Sewer project in January of 2019.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2019 and one payroll check for five employees from 2018 from the Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage 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 and minute records. 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, 2019 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 2019. 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 31, 2020	January 2, 2020	\$3,142.72	\$3,142.72
State income taxes	January 15, 2020	January 2, 2020	\$651.73	\$651.73
Village of Andover income tax	January 15, 2020	January 2, 2020	\$442.39	\$442.39
OPERS retirement	January 30, 2020	January 7, 2020	\$6,505.52	\$6,505.52
OP&F retirement	January 31, 2020	January 6, 2020	\$5,708.01	\$5,708.01

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

1. We selected 10 disbursements from the Payment Export Report for the year ended December 31, 2019 and 10 from the year ended December 31, 2018 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 Export 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 three instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

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

1. We recalculated the December 31, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We compared the reconciled cash totals as of December 31, 2019 and December 31, 2018 to the Mayor's Court 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, 2019 and 2018 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balance with the Mayor's Court financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2019 bank reconciliation without exception.

5. We 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 selected one month from the year ended December 31, 2019 and one month from the year ended December 31, 2018 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 two 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. Ohio Rev. Code Section 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, 2019 and 2018 for the General, State Highway and Street fund, as recorded in the Permanent Appropriation Report. We observed that the State Highway Fund expenditures for 2019 exceeded total appropriations by \$120, 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.
2. We inspected the 2019 and 2018 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$1,000 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.
3. We inspected the Statement of Cash Position Report for the years ended December 31, 2019 and 2018 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.

#### **Sunshine Law Compliance**

1. We obtained and inspected the Village's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code § 149.43(E)(2) 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 selected both public records requests from the engagement period and inspected each request to determine the Village was compliant and responded to the request in accordance with their adopted policy. We found no exceptions.

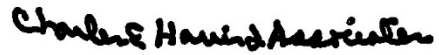
3. We inquired with Village management and determined that the Village did not have any denied public records requests during the engagement period.
4. We inquired with Village management and noted that the Village did not have any public records requests with redactions during the engagement period.
5. We inquired with Village management and determined that the Village did not have a records retention policy during the engagement period and therefore could not make it readily available to the public.
6. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager. We found no exceptions.
7. We inspected the Village'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.
8. We observed that the Village's poster describing their Public Records Policy was displayed conspicuously in all branches of the Village. We found no exceptions.
9. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
10. We inspected individual training certificates and determined whether each elected official (or his/her designee) successfully attended a certified three-hour Public Records Training for each term of office. We found no exceptions.
11. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period are to be held. We found no exceptions.
12. We inspected the minutes of public meetings during the engagement period 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.
13. We inspected the minutes from the engagement period 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 Section 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 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. 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 Village 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, 2019 and 2018 in the Hinkle system. There were no exceptions.
2. We 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 obtained the required training.
3. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a lists of authorized users, and
  - a list of all credit card account transactions.
  - a. We inspected the established policies obtained above and determined they are:
    - i. in compliance with the HB 312 statutory requirements, and
    - ii. implemented by the entity.We found no exceptions.
  - b. We selected 1 credit card transaction from each account for testing. For selected transactions we inspected documentation to determine that:
    - i. Use was by an authorized user within the guidelines established in the policy, and
    - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.
  - c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
    - i. No unpaid beginning balance was carried forward to the current billing cycle,
    - ii. Ending statement balance was paid in full, and
    - iii. Statement contained no interest or late fees.We found no exceptions.

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, 2019 and 2018, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Charles E. Harris" in a cursive style.

*Charles E. Harris & Associates, Inc.*  
June 22, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF ANDOVER**

**ASHTABULA 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 8/4/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)