

***NORTH HILLS WATER DISTRICT***

***SUMMIT COUNTY***

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021







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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 the North Hills Water District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2021 through December 31, 2022. 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 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

November 13, 2023

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*North Hills Water District*  
*Summit County*  
For the Years Ended December 31, 2022 and 2021

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**INDEPENDENT ACCOUNTANT'S 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 Water District's (the District) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2022 and 2021 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, 2022 and 2021 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, 2022 and 2021, 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 and Investments**

1. We recalculated the December 31, 2022 and December 31, 2021 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2021 beginning cash balance recorded in the Balance Sheet to the December 31, 2020 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2022 beginning cash balance recorded in the Balance Sheet to the December 31, 2021 balances in the Balance Sheet. We found no exceptions.

3. We attempted to agree the 2022 and 2021 bank reconciliation plus the CD as of December 31, 2022 and 2021 to the total cash balance reported in the Balance Sheet and the financial statements filed by the District in the Hinkle System. We noted the 2021 balance on the bank reconciliation plus the CD was \$417,508 and the Balance Sheet reflected \$431,226 and the amount on the report filed on the Hinkle System was \$419,371. This was due to an under-reporting of the CD by \$13,718 in the system. Factoring in the adjustment, the bank reconciliation plus the CD equals the Balance Sheet but is higher than the report filed in the Hinkle System by \$11,855. The report filed in the Hinkle System will be corrected in subsequent years.

We noted the 2022 balance on the bank reconciliation plus the CD was \$411,457 and the Balance Sheet reflected \$436,435 and the amount on the report filed on the Hinkle System was \$416,593. This was due to an under-reporting of the CD by \$25,000 in the system. Factoring in the adjustment, the bank reconciliation plus the CD is higher than the Balance Sheet by \$22 and is higher than the report filed in the Hinkle System by \$19,864. The report filed in the Hinkle System will be corrected in subsequent years.

The Fiscal Officer posted the adjustments to the accounting system.

4. We observed the year-end bank balances on the financial institutions' website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2022 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2022 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, and determined the debits were dated prior to December 31. We found no exceptions.
6. We selected five reconciling credits (such as deposits in transit) from the December 31, 2022 bank reconciliation:
  - a. We attempted to trace each credit to the subsequent bank statements but could not, as these were prior year unposted interest. The accounting records were adjusted.
  - b. We attempted to agree the credit amounts to the Receipt Ledger but determined they were not posted prior to December 31. The accounting records were adjusted.
7. We inspected investments held at December 31, 2022 and December 31, 2021 to determine that they were of a type authorized by Ohio Rev. Code § 6119.16. We found no exceptions.

#### **Property Taxes and Intergovernmental 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 2022 and a total of five from 2021:
  - a. We compared the amount from the above-named reports to the amount recorded in the General Ledger. The amounts agreed.
  - b. We inspected the General Ledger to determine the receipts were allocated to the proper fund as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the General 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 General Ledger to determine whether it included two real estate tax receipts for 2022 and 2021. The Receipt Ledger included the proper number of tax receipts for each year. We found no exceptions.



### Other Receipts

We selected 10 other receipts from the year ended December 31, 2021:

- a. Agreed the receipt amount recorded in the General Ledger to supporting documentation. The amounts agreed.
- b. Inspected the General 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 agreed-upon procedures documentation, we observed the following loan was outstanding as of December 31, 2020.
  - a. This amount agreed to the District's January 1, 2021 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2020:
OPWC Loan #CH10H	\$122,276

2. We inquired of management and inspected the Receipt Ledger and Expense Ledger for evidence of debt issued during 2022 or 2021 or debt payment activity during 2022 or 2021. All debt payments agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2022 and 2021 and agreed principal and interest payments from the related debt amortization schedules to the general 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 no exceptions.
4. We attempted to agree the amount of debt proceeds received for 2022 from the debt documents to the accounting records. The debt proceeds were not recorded in the accounting records.
5. For new debt issued during 2022, we inspected the debt legislation, which stated the District must use the proceeds to make water system improvements. We could not agree the disbursements to the General Ledger as they were not recorded but we noted the required disbursements in the OPWC debt document.

### Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2022 and one payroll check for five employees from 2021 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). 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, 2022 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 2022. 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, 2023	December 21, 2022	\$2,193.89	\$2,193.89
State income taxes	January 15, 2023	December 31, 2022	\$130.66	\$130.66
OPERS retirement	January 30, 2023	January 25, 2023	\$890.40	\$890.40

We found no exceptions.

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

1. We selected 10 disbursements from the General Ledger for the year ended December 31, 2022 and 10 from the year ended December 31, 2021 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 § 5705.41(D). We found no exceptions.

### **Compliance – Budgetary**

1. Ohio Rev. Code §5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2022 and 2021 for the General and Debt Service Funds. Expenditures did not exceed appropriations.
2. We inspected the General Ledger for the years ended December 31, 2022 and 2021 for negative cash fund balance. Ohio Rev. Code § 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 whether the District had a records retention schedule and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.

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 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**

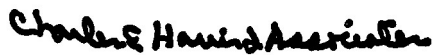
1. Ohio Rev. Code § 117.38 requires these districts to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any 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, 2022 and 2021 in the Hinkle system. We found no exceptions.

### **Related Party Transactions**

1. We inquired with management and identified the following Related Party Transactions:
  - a. The Fiscal Officer's son painted hydrants for the District in 2022 for \$1,226.  
We found no exceptions.
2. We confirmed the transactions with the other party. We found no exceptions.
3. We obtained supporting evidence for the Related Party Transactions identified in procedure 1. We found 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.**

October 13, 2023

# 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 11/28/2023**

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)