



**VILLAGE OF WAITE HILL
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

VILLAGE OF WAITE HILL
LAKE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Waite Hill, Lake County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Waite Hill, Lake County, Ohio as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the Audit Committee, Management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 16, 2001

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**VILLAGE OF WAITE HILL
LAKE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$325,717	\$0	\$0	\$7,693	\$333,410
Intergovernmental Receipts	311,310	18,018	426,579	948	756,855
Fines, Licenses, and Permits	9,341	0	0	0	9,341
Earnings on Investments	392,327	0	0	0	392,327
Miscellaneous	23,194	0	0	0	23,194
Total Cash Receipts	1,061,889	18,018	426,579	8,641	1,515,127
Cash Disbursements:					
Current:					
Security of Persons and Property	409,645	0	0	48,414	458,059
Public Health Services	8,134	0	0	0	8,134
Community Environment	6,439	0	0	0	6,439
Basic Utility Services	24,661	0	0	0	24,661
Transportation	206,964	84,989	0	0	291,953
General Government	155,387	0	0	0	155,387
Total Disbursements	811,230	84,989	0	48,414	944,633
Total Receipts Over/(Under) Disbursements	250,659	(66,971)	426,579	(39,773)	570,494
Other Financing Receipts/(Disbursements):					
Transfers-In		108,667		35,000	143,667
Transfers-Out	(143,667)	0	0	0	(143,667)
Total Other Financing Receipts/(Disbursements)	(143,667)	108,667	0	35,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	106,992	41,696	426,579	(4,773)	570,494
Fund Cash Balances, January 1, 2000	580,797	176,005	5,655,009	22,843	6,434,654
Fund Cash Balances, December 31, 2000	\$687,789	\$217,701	\$6,081,588	\$18,070	\$7,005,148

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WAITE HILL
LAKE COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$305,825	\$0	\$0	\$7,225	\$313,050
Intergovernmental Receipts	300,945	17,883	612,414	934	932,176
Fines, Licenses, and Permits	7,103	0	0	0	7,103
Earnings on Investments	360,844	0	0	0	360,844
Miscellaneous	17,192	0	0	339	17,531
Total Cash Receipts	991,909	17,883	612,414	8,498	1,630,704
Cash Disbursements:					
Current:					
Security of Persons and Property	381,080	0	0	42,765	423,845
Public Health Services	7,891	0	0	0	7,891
Community Environment	6,403	0	0	0	6,403
Basic Utility Services	23,550	0	0	0	23,550
Transportation	195,097	76,719	0	0	271,816
General Government	171,166	0	0	0	171,166
Capital Outlay	0	0	2,873	0	2,873
Total Disbursements	785,187	76,719	2,873	42,765	907,544
Total Receipts Over/(Under) Disbursements	206,722	(58,836)	609,541	(34,267)	723,160
Other Financing Receipts/(Disbursements):					
Transfers-In		77,000		43,000	120,000
Transfers-Out	(120,000)	0	0	0	(120,000)
Total Other Financing Receipts/(Disbursements)	(120,000)	77,000	0	43,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	86,722	18,164	609,541	8,733	723,160
Fund Cash Balances, January 1, 1999	494,075	157,841	5,045,468	14,110	5,711,494
Fund Cash Balances, December 31, 1999	\$580,797	\$176,005	\$5,655,009	\$22,843	\$6,434,654

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WAITE HILL
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Waite Hill, Lake County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected seven-member Council. The Village provides general governmental services, solid waste removal and police services.

The Village contracts with the City of Willoughby Hills' Fire Department to provide fire and ambulance services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Northeast Ohio Public Energy Council

The Village is a member of The Northeast Ohio Public Energy Council(NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 104 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2000. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Demand Deposits, Alliance Money Market Fund, Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Management Association, Corporate Bonds, and U.S. Treasury Notes are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**VILLAGE OF WAITE HILL
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax, license tax fees and road damage fees for constructing, maintaining and repairing Village streets.

Motor Vehicle License Tag Fund - This fund receives motor vehicle license tag money for constructing, maintenance and repairing Village streets.

3. Capital Projects Fund

This fund is used to account for financial resources for the acquisition or construction of major capital facilities (other than those financed by the Proprietary Fund). The Village had the following significant Capital Projects Fund:

Capital Expenses Fund - This fund receives proceeds of intergovernmental revenues. The proceeds are used to construct or repair Village facilities.

4. Fiduciary Fund Type

Trust funds are used to account for resources restricted by legally binding trust agreements. The Village had the following significant fiduciary fund:

Police and Fire Disability and Pension Fund - This fund holds the employers share of the payroll deduction amounts until payment is made to the State Pension Board.

**VILLAGE OF WAITE HILL
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village reserves (encumbers) appropriations for commitments. The reservation is accomplished through the Then and Now certification allowed under Ohio law. Unpaid commitments at year end are encumbered in the subsequent year appropriations.

A summary of the 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation amounts are not reflected as liabilities under the cash basis of accounting used by the Village. The Village does not grant sick leave since all employees are paid on an annual salary.

**VILLAGE OF WAITE HILL
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 69,387	\$ 81,236
Total deposits	69,387	81,236
Federal Farm Credit Bank	1,250,251	1,250,251
Federal Home Loan Bank	1,762,424	1,274,971
Federal Home Loan Mortgage Corporation	655,835	655,835
Federal National Mortgage Association	474,625	0
Corporate Bonds	897,130	792,325
U.S. Treasury Notes	1,594,766	1,800,514
STAR Ohio	300,730	579,522
Total investments	6,935,761	6,353,418
Total deposits and investments	\$ 7,005,148	\$ 6,434,654

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: U. S. Treasury Notes, Corporate Bonds, Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. The investment in STAROhio is not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 996,334	\$ 1,061,889	\$ 65,555
Special Revenue	126,167	126,685	518
Capital Projects	0	426,579	426,579
Expendable Trust	44,087	43,641	(446)
Total	\$ 1,166,588	\$ 1,658,794	\$ 492,206

**VILLAGE OF WAITE HILL
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,224,000	\$ 954,897	\$ 269,103
Special Revenue	176,000	84,989	91,011
Capital Projects	450,000	0	450,000
Expendable Trust	56,000	48,414	7,586
Total	\$ 1,906,000	\$ 1,088,300	\$ 817,700

Budgetary activity for the year ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 919,248	\$ 991,909	\$ 72,661
Special Revenue	94,500	94,883	383
Capital Projects	0	612,414	612,414
Expendable Trust	51,944	51,498	(446)
Total	\$ 1,065,692	\$ 1,750,704	\$ 685,012

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,275,000	\$ 905,187	\$ 369,813
Special Revenue	178,000	76,719	101,281
Capital Projects	450,000	2,873	447,127
Expendable Trust	51,000	42,765	8,235
Total	\$ 1,954,000	\$ 1,027,544	\$ 926,456

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF WAITE HILL
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX (Continued)

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. Members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% for 1999 and 10.84% for 2000, of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Village also provides health insurance, life insurance, prescription drug and dental coverage to full-time employees through a private carrier.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the financial statements of the Village of Waite Hill, Lake County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 16, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Audit Committee, Management, and Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 16, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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 10, 2001**