

RENO AREA WATER AND SEWER DISTRICT

WASHINGTON COUNTY, OHIO

AGREED-UPON PROCEDURES

For the Years Ended December 2018 and 2017



OHIO AUDITOR OF STATE KEITH FABER



Board of Trustees
Reno Area Water and Sewer District
170 Mount Tom Road
Marietta, OH 45750

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Reno Area Water and Sewer District, Washington County, prepared by Charles E. Harris & Associates, 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 Reno Area Water and Sewer 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

April 12, 2019

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**RENO AREA WATER AND SEWER DISTRICT
WASHINGTON COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2018 and 2017**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Reno Area Water and Sewer District
Washington County
170 Mount Tom Road
Marietta, Ohio 45750

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Reno Area Water and Sewer District (the District) and the Auditor of State, on the receipts, disbursements and balances recorded in the District'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 District. The District 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 District. 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 balance recorded in the General Ledger Report to the December 31, 2016 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the General Ledger to the December 31, 2018 balances in the General Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017. cash balances reported in the General Ledger Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balances with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly 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 selected all reconciling credits (such as deposits in transit) haphazardly from the December 31, 2018 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
 - b. We agreed the credit amounts to the Revenue Deposit Report. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We inspected investments held at December 31, 2018 and December 31, 2017 to determine that they were of a type authorized by Ohio Rev. Code Section 6119.16. We found no exceptions.

Charges for Services

1. We haphazardly selected 10 water and 10 sewer collection cash receipts from the year ended December 31, 2018 and 10 water and 10 sewer collection cash receipts from the year ended 2017 recorded in the Revenue Deposit Report and:
 - a. Agreed the receipt amount per the Revenue Deposit Report to the amount recorded to the customer's account in the Preview Billing Register Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Preview Billing Register report 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 fund, and was recorded in the year received. We found no exceptions.
2. We inspected the Customer Account Aging Report.
 - a. This report listed \$104,648 and \$96,968 of accounts receivable as of December 31, 2018 and 2017, respectively.
 - b. Of the total receivables reported in procedure 2a, \$19,051 and \$16,808 were recorded as more than 90 days delinquent as of December 31, 2018 and 2017, respectively.
3. We inspected the Adjustment History Report.
 - a. This report listed a total of \$(2,229) and \$23 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.
 - b. We haphazardly selected five non-cash adjustments from 2018 and five non-cash adjustments from 2017, and noted that the Financial Manager approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following notes were outstanding as of December 31, 2016. These amounts agreed to the District's January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
U.S. Army Corps of Engineers	\$8,250
OPWC – CR11B	42,348

2. We inquired of management, and inspected the Transaction Detail by Account Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.

3. We obtained a summary of note and loan debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedule to debt service fund payments reported in the Transaction Detail by Account Report. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for all employees from 2018 and one payroll check for all employees from 2017 from the Payroll Transaction Detail Report and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Transaction Detail Report to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We inspected the Payroll Transaction Detail to confirm whether account codes to which the check was posted were reasonable based on the employees' duties as documented in the 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, 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 of 2018. 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, 2019	January 9, 2019	\$ 672	\$ 672
State income taxes	January 15, 2019	January 9, 2019	\$ 122	\$ 122
OPERS retirement	January 30, 2019	January 10, 2019	\$1,599	\$1,599

3. We haphazardly 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 Payroll Transaction Detail Report:
 - a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The District's payout policy.

The amount paid was consistent with the information recorded in a. through c. above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Transaction Detail by Account Report for the year ended December 31, 2018 and ten from the year ended December 31, 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 Transaction Detail by Account 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 *Certificate of the Total Amount from All Sources Available for Expenditures and Balances* required by Ohio Rev. Code Section 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Profit and Loss Budget vs Actual Report for the years ended December 31, 2018 and 2017. The amounts agreed.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, the Trustees 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 5705.28(B)(2) and 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.38 and 5705.40, to the amounts recorded in the Profit and Loss Budget vs Actual Report for 2018 and 2017. The amounts on the appropriation resolutions agreed to the amounts recorded in the Profit and Loss Budget vs Actual Report.
4. Ohio Rev. Code Section 5705.28(B)(2)(c) prohibits appropriations from exceeding the estimated revenue available for expenditure (receipts plus beginning unencumbered cash). We compared total appropriations to total estimated revenue for the years ended December 31, 2018 and 2017. Appropriations did not exceed estimated revenue.
5. Ohio Rev. Code Section 5705.28(B)(2) and 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, as recorded in the Profit and Loss Budget vs Actual Report. Expenditures for 2018 exceeded total appropriations by \$919, contrary to Ohio Rev. Code Section 5705.28(B)(2) and 5705.41(B). The Financial Manager should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. We inspected the Balance Sheet Previous Year Comparison for the years ended December 31, 2018 and 2017 for negative cash fund balance. 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.

Other Compliance

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, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the District's deadline where the initial filing was filed on time but incomplete. We confirmed whether 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, 2018 and 2017 in the Hinkle system. Financial information was filed on March 18, 2019 for each year, which was not within the allotted timeframe.

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 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.

This report is to provide 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, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
March 27, 2019

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OHIO AUDITOR OF STATE
KEITH FABER



RENO AREA WATER AND SEWER DISTRICT

WASHINGTON 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
APRIL 23, 2019**