



Dave Yost • Auditor of State

**SWITZERLAND OF OHIO WATER DISTRICT
MONROE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Switzerland of Ohio Water District
Monroe County
P.O. Box 26
Jerusalem, Ohio 43747

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Switzerland of Ohio Water District, Monroe County, Ohio (the District), agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2015 and 2014, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. 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*. 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 tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning balance recorded in the Fund Ledger to the December 31, 2013 balance in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning fund balance recorded in the Fund Ledger to the December 31, 2014 balance in the Fund Ledger. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 cash balances reported in the Fund Ledger. The reconciliation for December 31, 2015 and 2014 had a variance of \$29 from the Fund Ledger due to bank errors not corrected on the District's Fund Ledger until May 2016.
4. We confirmed the December 31, 2015 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, 2015 bank reconciliation without exception.
5. We selected all outstanding checks from the December 31, 2015 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. We noted no exceptions.

Cash and Investments (Continued)

6. We tested interbank account transfers occurring in December of 2015 and 2014 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.
7. We tested investments held at December 31, 2015 and December 31, 2014 to determine that they were of a type authorized by Ohio Rev. Code § 6119.16. We found no exceptions.

Charges for Services

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2015 and 10 water collection cash receipts from the year ended 2014 recorded in the Daily Cash Receipts Reports and determined whether the:
 - a. Receipt amount per the Daily Cash Receipts Report agreed to the amount recorded to the credit of the customer's account in the Billed Water Usage Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billed Water Usage 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 account, and was recorded in the year received. We found no exceptions.
2. We read the Billed Water Usage Report:
 - a. We noted this report listed \$44,889 and \$42,562 of accounts receivable as of December 31, 2015 and 2014, respectively.
 - b. Of the total receivables reported in step 2a, \$5,904 and \$5,526 were recorded as more than 60 days delinquent as of December 31, 2015 and 2014, respectively.
3. We read the Credit/Debit Edit Lists:
 - a. We noted this report listed a total of (\$1,689) and (\$7,308) non-cash receipts adjustments for the years ended December 31, 2015 and 2014, respectively.
 - b. For the 2015 and 2014 Credit/Debit Edit Lists, we noted the Board of Trustees did not approve adjustments. The Credit/Debit Edit Lists should be reviewed periodically by the Board of Trustees and approval documented within the Board minutes for all non-cash adjustments.

Debt.

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2013. These amounts agreed to the Districts January 1, 2014 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2013:
OPWC Loan	\$48,028
USDA Loan	\$290,400

Debt (Continued).

2. We inquired of management, and scanned the Revenue Ledger and Disbursement Ledger for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of loan debt activity for 2015 and 2014 and agreed principal and interest payments from the related debt amortization schedules to debt service payments reported in the Disbursement Ledger. 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 five employees from 2015 and one payroll check for five employees from 2014 from the Disbursement Ledger and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Disbursement Ledger to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. We determined whether the account code to which the check was posted was reasonable based on the employees' duties as documented in the minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 to determine whether 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 2015. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	1/31/16	12/18/15	\$1,118.34	\$1,118.34
State income taxes	1/15/16	12/18/15	\$219.73	\$219.73
OPERS retirement	1/30/16	12/18/15	\$2,289.28	\$2,289.28

Non-Payroll Cash Disbursements

1. From the Disbursement Ledger, we re-footed checks recorded as salary disbursements, and checks recorded as miscellaneous expenditures for 2015. We found no exceptions.
2. We haphazardly selected ten disbursements from the Disbursement Ledger for the year ended December 31, 2015 and ten from the year ended 2014 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 Disbursement Ledger and to the names and amounts on the supporting invoices. We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the Budget, Income and Equity Report required by Ohio Rev. Code §§ 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Revenue Ledger for the years ended December 31, 2015 and 2014. The District did not record amounts for estimated receipts in the Revenue Ledger for 2015 and 2014. The Office Manager should accurately post to the accounting system estimated receipts as certified by the Board of Trustees.
2. We scanned the appropriation measures adopted for 2015 and 2014 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 §§ 5705.28(B)(2) and 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code §§ 5705.28(B)(2), 5705.38 and 5705.40, to the amounts recorded in the Disbursement Ledger for 2015 and 2014. The District did not record amounts for appropriations in the Disbursement Ledger for 2015 and 2014. The District Office Manager should accurately post to the accounting system appropriations as approved by the Board of Trustees.
4. Ohio Rev. Code § 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, 2015 and 2014. Appropriations did not exceed estimated revenue.
5. Ohio Rev. Code §§ 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, 2015 and 2014, as recorded in the Disbursement Ledger. Expenditures did not exceed appropriations.
6. We scanned the Fund Ledger for the years ended December 31, 2015 and 2014 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. We noted no fund having a negative cash fund balance.

Other Compliance

Ohio Rev. Code § 117.38 requires entities to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the District filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the District’s receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the District, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

August 12, 2016

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SWITZERLAND OF OHIO WATER DISTRICT

MONROE 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
AUGUST 30, 2016**