



Dave Yost • Auditor of State



**NOBLE COUNTY WATER AUTHORITY  
NOBLE COUNTY**

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

Noble County Water Authority  
Noble County  
P.O. Box 127  
Belle Valley, Ohio 43717

We have performed the procedures enumerated below, with which were agreed to by the Board of Trustees and the management of the Noble County Water Authority, Noble County, Ohio (the Authority), on the receipts, disbursements and balances recorded in the District's cash-basis accounting records for the years ended December 31, 2016 and 2015, 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, 2016 and 2015 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.

This report only describes exceptions exceeding \$10.

### Cash

1. We recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning balances recorded in the Reconciliation Summary to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning balances recorded in the Reconciliation Summary to the December 31, 2015 balances in the Reconciliation Summary. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 cash balances reported in the Transaction Detail Report. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the Authority's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:
  - a. We traced each debit to the subsequent January and February bank statements. 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.

### **Intergovernmental and Other Confirmable Cash Receipts**

1. We haphazardly selected five receipts from the County Auditor's Cross Reference Report by Vendor from 2016 and five from 2015.
  - a. We compared the amount from the above report to the amount recorded in the Transaction Detail by Account. The amounts agreed.
  - b. We inspected the County Auditor's Cross Reference Report by Vendor to determine whether the receipts were recorded in the proper year. We found no exceptions.
2. We confirmed the amounts paid from the Noble County Community Improvement Corporation to the Authority during 2015 with the Corporation. We found no exceptions.
  - a. We inspected the Transaction Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
3. We confirmed the amounts paid from the Noble County Commissioners to the Authority during 2015 with the County. We found no exceptions.
  - a. We inspected the Transaction Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from Ohio Water Development Authority (OWDA), Noble County Community Improvement Corporation and from Crock Construction to the Authority during 2015 with the Authority. We found no exceptions.
  - a. We inspected the Transaction Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Charges for Services**

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2016 and 10 water collection cash receipts from the year ended 2015 recorded in the U/B Receipts Journal Report and:
  - a. Agreed the receipt amount per the "paid" water billing stub to the amount recorded to the customer's account in the U/B Receipts Journal Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the U/B Receipts Journal 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 recorded in the year received. We found no exceptions.
2. We inspected the U/B Receipts Journal Report, U/B Posting Journal Report, U/B Trial Balance and U/B Adjustments Journal Report.
  - a. The reports listed \$19,287.59 and \$18,697.95 of accounts receivable as of December 31, 2016 and 2015, respectively.
  - b. Of the total receivables reported in step 2a, \$15,371.57 and \$14,489.55 were recorded as more than 60 days delinquent as of December 31, 2016 and 2015, respectively.
3. We inspected the U/B Adjustments Journal Report.
  - a. The report listed a total of \$17.96 and (\$113.32) non-cash receipts adjustments for the years ended December 31, 2016 and 2015, respectively.

**Charges for Services (Continued)**

- b. We haphazardly selected five non-cash adjustments from 2016 and five non-cash adjustments from 2015, and noted the Board of Trustees approved each noncash adjustment except for those dated prior to September 8, 2015, which was the date of the 2013-2014 audit report. The Board of Trustees, upon notification in the prior audit, started approving noncash adjustments.

**Debt**

- 1. From the prior audit documentation, we observed the following bonds outstanding as of December 31, 2014. These amounts agreed to the Authority's January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
Water System Revenue Bonds	\$687,000

- 2. We inquired of management, and inspected the Transaction Detail by Account Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in Step 3.
- 3. We obtained a summary of bonded debt activity for 2016 and 2016 and agreed principal and interest payments from the related debt amortization schedule to debt service payments reported in the Transaction Detail by Account Report. We also compared the date the debt service payments were due to the date the Authority made the payments. We found no exceptions.
- 4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Transaction Detail by Account Report. We found \$9,091 and \$141,936 of loan proceeds were not posted to the Authority's ledgers during 2016 and 2015, respectively, for OWDA loan #6910. The proceeds should have been posted to Proceeds of Loan and Capital Outlay. We found \$1,112 and \$1,369 of capitalized interest was not posted to the Authority's ledgers during 2016 and 2015, respectively, for OWDA loan #6910. The capitalized interest should have been posted to Other Debt Proceeds and Interest and Fiscal Charges. We also found \$4,706 and \$34,870 in principal forgiveness was not posted to the Authority's ledgers during 2016 and 2015, respectively, for OWDA loan #6910. The principal forgiveness should have been posted to Intergovernmental and Principal Retirement.
- 5. For new debt issued during 2015, we inspected the debt legislation, noting the Authority must use the proceeds for a transmission main replacement project. We inspected the Transaction Detail by Account Report and noted during 2016 there was one on-behalf disbursement and during 2015 there were three on-behalf disbursements to contractors via OWDA for the replacement project.

**Payroll Cash Disbursements**

- 1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Payroll Control Summary Report and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Control Summary Report 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.

**Payroll Cash Disbursements (Continued)**

- c. We inspected the Transaction Detail by Account Report to determine 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 confirmed whether 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, 2016 to confirm 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 2016. We noted 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)	1/31/17	12/27/16	\$456.20	\$456.20
State income taxes	1/15/17	12/27/16	\$99.98	\$99.98
OPERS retirement	1/30/17	12/27/16	\$1,176.72	\$1,176.72

**Non-Payroll Cash Disbursements**

1. From the Transaction Detail by Account Report, we re-footed checks recorded as *salary* disbursements and checks recorded as *water purchases* for 2016. We found no exceptions.
2. We haphazardly selected ten disbursements from the Transaction Detail by Account Report for the year ended December 31, 2016 and ten from the year ended 2015 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.

**Compliance – Budgetary**

1. We compared the total estimated receipts approved by the Trustees from the excel budgetary spreadsheet, required by Ohio Rev. Code §§ 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Profit & Loss Budget vs. Actual Report for the years ended December 31, 2016 and 2015. The amounts agree.
2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, the Trustees appropriated separately for "each office, department, and division 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 there were two large water projects entered into during 2015 and 2016 with expenditures in which there were no appropriations in the budget for capital expenditures.
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 Profit & Loss Budget vs. Actual Report for 2016 and 2015. The amounts on the appropriation resolutions agreed to the amounts recorded in the Profit & Loss Budget vs. Actual Report.



### **Compliance – Budgetary (Continued)**

4. Ohio Rev. Code § 5705.28(B)(2) prohibits appropriations from exceeding the estimated revenue available for expenditure (receipts plus beginning unencumbered cash). We compared total appropriations to the total estimated revenue for the years ended December 31, 2016 and 2015. 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, 2016 and 2015, as recorded in the Profit & Loss Budget vs. Actual Report and the Combined Statement of Receipts, Disbursements and Changes in Fund Balances. We noted that expenditures for 2016 and 2015 exceeded total appropriations by \$217,306 and \$279,773, respectively, contrary to Ohio Rev. Code §§ 5705.28(B)(2) and 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer 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 Cash Summary for the years ended December 31, 2016 and 2015 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 a 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 funds having a negative cash fund balance.

### **Other Compliance**

Ohio Rev. Code § 117.38 requires entities to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. We confirmed the Authority filed their complete financial statements, as defined by AOS Bulletin 2016-007 within the allotted timeframe for years ended December 31, 2016 and 2015. No exceptions noted.

The 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 Authority'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 for the use of the Authority to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, 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 "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

May 8, 2017



# Dave Yost • Auditor of State

**NOBLE COUNTY WATER AUTHORITY**

**NOBLE 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  
JUNE 1, 2017**