



Dave Yost • Auditor of State



**TRI-COUNTY WATER AUTHORITY  
HARRISON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1

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

Tri-County Water Authority  
Harrison County  
P.O. Box 26  
Harrisville, Ohio 43974

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of the Tri-County Water Authority, Harrison County, Ohio (the Authority), on the receipts, disbursements and balances recorded in the Authority'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 Authority. The Authority 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 Authority. 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 recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning balance recorded in the Cash Journal to the December 31, 2014 balance documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning balance recorded in the Cash Journal to the December 31, 2015 balance in the Cash Journal. 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 Cash Journal. 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 (outstanding checks) haphazardly from the December 31, 2016 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 Cash Journal, to determine the debits were dated prior to December 31. There were no exceptions.

**Cash and Investments (Continued)**

6. We inspected investments held at December 31, 2016 and December 31, 2015 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, 2016 and 10 water collection cash receipts from the year ended 2015 recorded in the Daily Cash Receipts Journal Report and:
  - a. Agreed the receipt amount per the Daily Cash Receipts Journal Report to the amount recorded to the customer's account in the Customer Balance Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer Balance 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 Aged Customer Delinquent Report.
  - a. This report listed \$13,665 and \$46,209 of accounts receivable as of December 31, 2016 and 2015, respectively.
  - b. Of the total receivables reported in step 2a, \$2,650 and \$3,801 were recorded as more than 90 days delinquent as of December 31, 2016 and 2015, respectively.
3. We inspected the Daily Cash Receipts Journal Adjustment Report.
  - a. This report listed a total of \$15,059 and \$193 non-cash receipts adjustments for the years ended December 31, 2016 and 2015, respectively.
  - b. We haphazardly selected five non-cash adjustments from 2016 and five non-cash adjustments from 2015, and noted that either the Board of Trustees or Board Treasurer approved each adjustment.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loan outstanding as of December 31, 2014. This amount agreed to the Authority's January 1, 2015 balance on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
Ohio Water Development Authority Loan	\$144,686

2. We inquired of management, and inspected the Cash Journal and Appropriation Ledger for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt observed agreed to the summary we used in step 3.
3. We obtained a summary of loan debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedule to payments reported in the Cash Journal. We also compared the date the debt service payments were due to the date the Authority made the payments. We found no exceptions.

**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 Summary Report and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Summary Report to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
  - b. We inspected the Appropriation Ledger to confirm whether the account codes to which the check was posted were reasonable based on the employees' duties as documented in the minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
  
2. For any new employees selected in step 1 we compared the following information in the employee's personnel file and minute record to confirm it was consistent with the information used to compute gross and net pay related to this check:
  - a. Name;
  - b. Authorized salary or pay rate;
  - c. Account to which the check should be charged;
  - d. Retirement system participation and payroll withholding;
  - e. Federal, State & Local income tax withholding authorization and withholding;
  - f. Any other deduction authorizations (deferred compensation, etc.).

We found no exceptions related to steps a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 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 2016. 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)	1/31/17	1/10/17	\$659.48	\$659.48
State income taxes	1/15/17	1/15/17	\$329.16	\$329.16
OPERS retirement	1/30/17	12/27/16	\$1,493.64	\$1,493.64

**Non-Payroll Cash Disbursements**

1. From the Appropriation Ledger, we re-footed checks recorded as Office Salaries and checks recorded as Water Purchases for 2016. We found no exceptions.
  
2. We haphazardly selected ten disbursements from the Cash Journal 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 Cash Journal and to the names and amounts on the supporting invoices. We found no exceptions.

### Non-Payroll Cash Disbursements (Continued)

- 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.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code §§ 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Appropriation Ledger for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* did not agree to the accounting system by \$129,183 for the year ended December 31, 2016 and \$95,700 for the year ended December 31, 2015. The Clerk/Secretary should periodically compare amounts recorded in the accounting system to amounts reported on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2016 and 2015 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 Appropriation Ledger for 2016 and 2015. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledger.
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, 2016 and 2015. Appropriations did not exceed estimated revenue for 2015. The appropriations for 2016 exceeded estimated revenue by \$100,000, contrary to Ohio Rev. Code § 5705.28(B)(2)(c). The Trustees should not pass appropriations exceeding estimated revenue. Allowing this to occur could cause the Authority to incur fund balance deficits.
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 Appropriation Ledger. Expenditures did not exceed appropriations.
6. We inspected the Cash Journal 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 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 § 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. Financial information was filed on May 11, 2017 for the year ended December 31, 2016, and on March 21, 2016 for the year ended December 31, 2015 which was not within the allotted timeframe. The Authority should file complete financial statements 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 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".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 30, 2017

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# Dave Yost • Auditor of State

**TRI- COUNTY WATER AUTHORITY**

**HARRISON 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  
JULY 25, 2017**