



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Dillonvale Mt. Pleasant Wastewater Sewer District
Jefferson County
P.O. Box 686
Dillonvale, Ohio 43917

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Dillonvale Mt. Pleasant Wastewater Sewer District (the District) on the receipts, disbursements and balances recorded in the Districts cash basis accounting records for the years ended December 31, 2017 and 2016 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, 2017 and 2016 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 and Investments

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We traced the January 1, 2016 beginning balance recorded in the Quick Books Report to the December 31, 2015 balances in the prior year audited statements, however, the beginning balance in the Quick Books report is \$86 less than the balance reported in the December 31, 2015 audit report. We also agreed the January 1, 2017 beginning fund balance recorded in the Check Register Report to the December 31, 2016 balance in the Check Register Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016. Cash balances reported in the Check Register Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balances with the District's financial institutions. We found no exceptions. The balances agreed.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements. We noted one stale dated check.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There was one stale dated check in the amount of \$42 that is still being carried forward and has not cleared the bank.

6. We selected two reconciling credits (such as deposits in transit) haphazardly from the December 31, 2017 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 Check Register Report. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We traced interbank account transfers occurring in December of 2017 and 2016 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
8. We inspected investments held at December 31, 2017 and December 31, 2016 to determine that they were of a type authorized by Ohio Rev. Code Section 6119.16. We found no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

1. We selected two receipts from the County Auditor's DTLs from 2017 and two from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Posting Journal. The amounts agreed.
 - b. We inspected the Check Register Report to determine that these receipts were allocated to the proper fund. We found no exceptions.
 - c. We inspected the Check Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Charges for Services

1. We haphazardly selected 10 sewer collection cash receipts from the year ended December 31, 2017 and 10 sewer collection cash receipts from the year ended 2016 recorded in the Cash Receipt Posting Journal and:
 - a. Agreed the receipt amount per the Cash Receipt Posting Journal to the amount recorded to the customer's account in the Customer History Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Customer History Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period, flat rate 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 report.
 - a. This report listed \$38,480 and \$25,753 of accounts receivable as of December 31, 2017 and 2016, respectively.
 - b. Of the total receivables reported in procedure 2a, \$15,348 and \$13,597 were recorded as more than 90 days delinquent as of December 31, 2017 and 2016, respectively.
3. We inspected the Daily Cash Receipts Journal (adjustments only).
 - a. This report listed a total of \$36,997 and \$34,177 non-cash receipts adjustments for the years ended December 31, 2017 and 2016, respectively.
 - b. We haphazardly selected five non-cash adjustments from 2017 and five non-cash adjustments from 2016, and noted that the Board of Trustees approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following loan was outstanding as of December 31, 2015. These amounts agreed to the District's January 1, 2016 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
OWDA Loan #6327	797,733.50

2. We inquired of management, and inspected the Receipt Posting Journal and Account Quick Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedule to sewer operating fund payments reported in the Account Quick 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 five employees from 2017 and one payroll check for five employees from 2016 from the Payroll Register and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Register 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 inspected the Payroll Register to confirm whether the account code to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record 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, 2017 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 2017. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2018	January 23, 2018	\$807	\$807
State income taxes	January 15, 2018	February 2, 2018	400	400
OPERS retirement	January 30, 2018	January 31, 2018	1,656	1,656

As shown above, the District did not pay the State income taxes and OPERS retirement remittances in a timely manner.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Account Quick Report for the year ended December 31, 2017 and ten from the year ended 2016 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 Account Quick 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 four instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total estimated receipts from the District Approved Operating Budget, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Profit and Loss Budget Report for the years ended December 31, 2017 and 2016. The amount on the Operating Budget did not agree to the amount recorded in the Profit and Loss Budget Report. The Quick Books Profit and Loss Budget Report recorded budgeted receipts of \$230,800 and \$223,630 for the years ended December 31, 2017 and 2016. However, the Profit and Loss Budget Report reflected \$246,106 and \$262,467, respectively. The fiscal officer should periodically compare amounts recorded in the Quick Books Profit and Loss Budget Report to amounts recorded on the District Approved Operating Budget 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 2017 and 2016 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 Sections 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 Quick Books System for 2017 and 2016. The Quick Books system does not allow for appropriations to be entered, therefore, we were unable to perform this test.
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, 2017 and 2016. Appropriations for 2017 and 2016 exceeded estimated revenue by \$72,321 and \$45,730, respectively, contrary to Ohio Rev. Code Section 5705.28(B)(2)(c). The Trustees should not pass appropriations exceeding estimated revenue. Allowing this to occur could cause the District to incur fund balance deficits.

5. Ohio Rev. Code Sections 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, 2017 and 2016 as approved by Board of Trustees. Expenditures did not exceed appropriations.
6. We inspected the Quick Books Balance Sheet for the years ended December 31, 2017 and 2016 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 district's 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. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for re-filing 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 the District filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted time frame for the years ended December 31, 2017 and 2016 in the Hinkle system. Financial information for the year ended December 31, 2017 did not include the notes to the financial statements as required and the District subsequently re-filed on July 24, 2018. Financial information for the year ended December 31, 2016 was filed on May 25, 2017 which was not within the allotted time frame and did not include the notes to the financial statements as required. The District subsequently re-filed on July 23, 2018 to include the notes to the financial statements.

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.

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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, 2017 and 2016, 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 "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

October 5, 2018



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DILLONVALE – MT PLEASANT WASTEWATER SEWER DISTRICT

JEFFERSON 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
NOVEMBER 8, 2018**