



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BISHOPVILLE WATER DISTRICT  
MORGAN COUNTY  
DECEMBER 31, 2019 AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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

Bishopville Water District  
Morgan County  
P.O. Box 130  
Glouster, Ohio 45732

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Bishopville Water District, Morgan County, Ohio (the District), on the receipts, disbursements and balances recorded in the District's cash basis accounting records for the years ended December 31, 2019 and 2018 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, 2019 and 2018 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, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning balance recorded in the Statement of Receipts, Disbursements, and Change in Cash Balance - Cash Basis to the December 31, 2017 balances in documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2019 beginning fund balances recorded in the Statement of Receipts, Disbursements, and Change in Cash Balance - Cash Basis to the December 31, 2018 balances in the Statement of Receipts, Disbursements, and Change in Cash Balance - Cash Basis. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2019 and 2018 cash balances reported in the Trial Balance Report and the financial statements filed by the District in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 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, 2019 bank reconciliation without exception.

**Cash (Continued)**

5. We selected of five reconciling debits (such as outstanding checks) from the December 31, 2019 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.

**Charges for Services**

1. We selected 10 water collection cash receipts from the year ended December 31, 2019 and 10 water collection cash receipts from the year ended 2018 recorded in the Transaction Report and:
  - a. Agreed the receipt amount per the Transaction Report to the amount recorded to the customer's account in the Detail Report/Account Card. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Detail Report/Account Card 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 Detail Report.
  - a. This report listed \$3,793 and \$2,430 of accounts receivable as of December 31, 2019 and 2018, respectively.
  - b. We inquired of management concerning the existence of any report indicating the portion of total accounts receivable, identified in step 2a, which was more than 90 days delinquent as of December 31, 2019 and 2018, respectively. The District does not maintain any such report.
3. We inspected the Transaction Report for individual noncash transactions, as identified by the Clerk, as the District does not have a non-cash adjustment report.
  - a. The Clerk manually identified \$93 and \$482 in non-cash receipts adjustments for the years ended December 31, 2019 and 2018, respectively.
  - b. We selected all non-cash adjustments from 2019 and all non-cash adjustments from 2018, and noted that the Board of Trustees approved each adjustment.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2017. These amounts agreed to the District's January 1, 2018 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2017:
Ohio Water Development Authority Loan (OWDA) #6238	\$17,498
Ohio Water Development Authority Loan (OWDA) #4371	\$817,254
Ohio Public Works Commission Loan (OPWC) #CR25G	\$161,374
Ohio Public Works Commission Loan (OPWC) #CR19S	\$78,336

**Debt (Continued)**

2. We inquired of management, and inspected the Detail Revenue Report and Check Register Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2019 and 2018 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Check Register Report. We also compared the date the debt service payments were due to the date the District made the payments. We found one exception. For Loan OPWC CR19S, debt payments made by District in 2018 totaled \$2,591 while principal and interest payments on the Amortization Schedule totaled \$2,611. This is a variance of \$20.

**Payroll Cash Disbursements**

1. We selected one payroll check for each of the three employee from 2019 and one payroll check for each of the three employee from 2018 from the Check Register and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Tracking Worksheet 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 Tracking Worksheet. We found no exceptions.
  - c. We inspected the Payroll Tracking Worksheet 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 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, 2019 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 2019. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	01/31/2020	01/28/2020	\$1,212	\$1,212
State income taxes	01/15/2020	01/28/2020	\$192	\$192
OPERS retirement	01/30/2020	02/13/2020	\$959	\$959

As stated above, the District paid state income taxes and OPERS retirement withholdings after the due date.

**Non-Payroll Cash Disbursements**

- We selected 10 disbursements from the Check Register Report for the year ended December 31, 2019 and 10 from the year ended 2018 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 Check Register Report 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.
- d. The Clerk certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found no exceptions.

### **Compliance – Budgetary**

1. Ohio Rev. Code §§ 5705.28(B)(2) and 5705.41(B) prohibit expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code § 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018. Expenditures did not exceed appropriations in 2019. Total Expenditures for 2018 were \$311,423 and Total Appropriations for 2018 were \$311,145. As a result, expenditures for 2018 exceeded total appropriations by \$278, contrary to Ohio Rev. Code §§ 5705.28(B) (2) and 5705.41(B). The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
2. We inspected the Statement of Receipts, Disbursements, and Changes in Cash Balance - Cash Basis Report for the years ended December 31, 2019 and 2018 for negative cash fund balance. Ohio Rev. Code § 5705.10 (l) 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.

### **Sunshine Law Compliance**

1. We obtained and inspected the District's Public Records Policy to determine the policy did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with District management and determined that the District did not have any completed public records requests during the engagement period.
3. We inquired with District management and determined that the District did not have any denied public records requests during the engagement period.
4. We inquired with District management and determined that the District did not have any public records requests with redactions during the engagement period.
5. We inquired whether the District has a records retention policy, and observed that it is readily available to the public. We found no exceptions.



### **Sunshine Law Compliance (Continued)**

6. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager. We found no exceptions.
7. We inquired with District management and determined that the District did not have a policy manual during the engagement period. Therefore, the public records policy could not be included.
8. We inquired whether the District's poster describing their Public Records Policy was displayed conspicuously in any Branches of the District. We found that the poster was not displayed.
9. We inquired with District management and determined that the District did not have any applications for record disposal submitted to the Records Commission during the engagement period.
10. We inquired with District management and determined that the District did not have any elected officials subject to the Public Records Training requirements during the engagement period.
11. We inspected the public notices for the public meetings held during the engagement period and determined the District notified the general public and news media of when and where meetings during the engagement period are to be held. We found no exceptions.
12. We inspected the minutes of public meetings during the engagement period and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting.
  - b. Filed – placed with similar documents in an organized manner.
  - c. Maintained - retained, at a minimum, for the engagement period.
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
13. We inspected the minutes from the engagement period and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.

We found one executive session in 2019 and one in 2018 for which the description recorded was "election of officers and another term." This purpose does not correlate to the allowable purposes as determined by Ohio Rev. Code § 121.22(G).

### **Other Compliance**

1. Ohio Rev. Code § 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, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. 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 timeframe for the years ended December 31, 2019 and 2018 in the Hinkle system. There were no exceptions.

**Other Compliance (Continued)**

2. For all credit card accounts we obtained:

- copies of existing internal control policies,
- a list of all credit card account transactions.

However, the policy did not include a list of authorized users.

a. We inspected the established policy obtained above and determined it is implemented by the entity. However, the policy is not in accordance with HB 312 statutory requirements.

b. We selected 1 credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:

- i. Use was by an authorized user within the guidelines established in the policy, and
- ii. Each transaction was supported with original invoices and for a proper public purpose.

We found exception in that we could not determine use was by an authorized user within the guidelines established in the policy because there was no list of authorized users maintained by the District.

c. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:

- i. No unpaid beginning balance was carried forward to the current billing cycle,
- ii. Ending statement balance was paid in full, and
- iii. Statement contained no interest or late fees.

We found no exceptions.

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, 2019 and 2018, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 3, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**BISHOPVILLE WATER DISTRICT**

**MORGAN 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 30, 2020**