



OHIO AUDITOR OF STATE
KEITH FABER



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88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Southern Perry County Water District
Perry County
P.O. Box 335
Corning, Ohio 43730

We have performed the procedures enumerated below on the Southern Perry County Water District's, Perry County, Ohio (the District), receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2021 and 2020 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, 2021 and 2020 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District.

The Board of Trustees and the management of the District have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2021 and 2020, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash and Investments

1. We recalculated the December 31, 2021 and December 31, 2020 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2020 beginning cash balance recorded in the General Ledger to the December 31, 2019 balance in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2021 beginning cash balance recorded in the General Ledger to the December 31, 2020 balance in the General Ledger. We found no exceptions.
3. We agreed the 2021 and 2020 bank reconciliation as of December 31, 2021 and 2020 to the total cash balance reported in the General Ledger and the financial statements filed by the District in the Hinkle System. The amounts agreed.

Cash and Investments (Continued)

4. We confirmed the December 31, 2021, 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, 2021 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2021 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, and determined the debits were dated prior to December 31. We found no exceptions.
6. We inspected investments held at December 31, 2021 and December 31, 2020 to determine that they were of a type authorized by Ohio Rev. Code § 6119.16. We found no exceptions.

Other Confirmable Cash Receipts

1. We confirmed the \$143,578 and \$72,262 from the Ohio Water Development Authority (OWDA) to the District during 2021 and 2020, respectively via the OWDA website. We found no exceptions.
 - a. We inspected the General Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.
2. We agreed to supporting documentation provided via e-mail by the IBI Group the \$474,000 from the on-behalf CDBG Grant to the District during 2021 with the Group. We found no exceptions.
 - a. We inspected the General Ledger to determine whether the receipts were recorded in the proper year. We found no exceptions.

Charges for Services

1. We selected 10 water collection cash receipts from the year ended December 31, 2021 and 10 water collection cash receipts from the year ended 2020 recorded in the Payment Posting Report and:
 - a. Agreed the receipt amount per the Payment Posting Report to the amount recorded to the customer's account in the Billing Edit List. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Aged Balances Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the engagement 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 Receivables Report.
 - a. This report listed \$43,361 and \$50,583 of accounts receivable as of December 31, 2021 and 2020, respectively.
 - b. Of the total receivables reported in procedure 2a, \$14,596 and \$11,906 were recorded as more than 90 days delinquent.

Charges for Services (Continued)

3. We inspected the Billing/Adjustment Edit List.
 - a. This report listed a total of \$1,290 and \$1,252 non-cash receipts adjustments for the years ended December 31, 2021 and 2020, respectively.
 - b. We selected five non-cash adjustments from 2021 and five non-cash adjustments from 2020 and observed that the Board of Trustees approved each adjustment except for one in 2021.

Debt

1. From the prior audit documentation, we observed the following bonds and loans were outstanding as of December 31, 2019. These amounts agreed to the District's January 1, 2020 balances on the summary we used in procedure 3. However, loans outstanding at December 31, 2021 and 2020 did not meet the criteria for an allowable debt type per Ohio Rev. Code § 133. The Ohio Revised Code contains various methods of incurring debt. Installment loans and promissory notes with banking institutions are not legal methods of debt for the District.

Issue	Principal outstanding as of December 31, 2019:
OWDA	\$1,097,759
OPWC	\$137,458
Installment Loans	\$43,497
USDA Rev. Bonds	\$697,915

2. We inquired of management, and inspected the General Ledger Report for evidence of debt issued during 2021 or 2020 or debt payment activity during 2021 or 2020. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bond and loan debt activity for 2021 and 2020 and agreed principal and interest payments from the related debt amortization schedules and related bank loan statements to enterprise fund payments reported in the General Ledger. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds received for 2021 and 2020 from the debt documents to amounts recorded per the General Ledger. The amounts agreed.
5. For new debt issued during 2021 and 2020, we inspected the debt legislation, which stated the District must use the proceeds of the OWDA Loan #9016 and OWDA Loan #9077 for a water line project, and the North Valley Bank promissory note to purchase a truck. We inspected the General Ledger and documentation maintained by the District and observed the District is currently involved in a water line project and purchased a truck in December of 2020.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2021 and one payroll check for five employees from 2020 from the Payroll Register Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register Report to supporting documentation (timecard or legislatively-approved rate or salary).
 - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check.

We found no exceptions.

Payroll Cash Disbursements (Continued)

- b. We inspected the fund and account code to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files and/or minute record. We found no exceptions.
 - c. We 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, 2021 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 2021. 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)	January 31, 2022	January 5, 2022	\$2,155	\$2,155
State income taxes	January 31, 2022	January 7, 2022	\$432	\$432
OPERS retirement	January 30, 2022	January 6, 2022	\$1,826	\$1,826

We found no exceptions.

Non-Payroll Cash Disbursements

We selected 10 disbursements from the Disbursement Ledger for the year ended December 31, 2021 and 10 from the year ended 2020 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.
- 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. 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 approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2021 and 2020. Expenditures exceeded total appropriations by \$934,537 and \$419,800 for 2021 and 2020, respectively, contrary to Ohio Rev. Code §§ 5705.28(B)(2) and 5705.41(B).
- 2. We inspected the General Ledger for the years ended December 31, 2021 and 2020 for negative cash 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 cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having a negative cash balance.

Sunshine Law Compliance

1. We obtained and inspected the District's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and 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:
 - a. The District did not have any completed public records requests during the engagement period.
 - b. The District did not have any denied public records requests during the engagement period.
 - c. The District did not have any public records requests with redactions during the engagement period.
3. We inquired whether the District had a records retention schedule, and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
4. We inquired with District management and determined written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2) was not maintained.
5. 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 as required by Ohio Rev. Code § 149.43(E)(2).
6. We observed that the District's poster describing their Public Records Policy was displayed conspicuously in all branches of the District as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. 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.
8. 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 as required by Ohio Rev. Code §§ 149.43(E)(1) and 109.43(B).
9. 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 were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) 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.

Sunshine Law Compliance (Continued)

11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) 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 no exceptions.

Other Compliance

Ohio Rev. Code § 117.38 requires these districts 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, 2021 and 2020 in the Hinkle system. We found no exceptions.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber
Auditor of State
Columbus, Ohio

November 7, 2022

OHIO AUDITOR OF STATE KEITH FABER



SOUTHERN PERRY COUNTY WATER DISTRICT

PERRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/17/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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