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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Swanecreek Water District
Fulton County
5565 County Road D
Delta, Ohio 43515-9619

To the Board of Trustees:

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Swanecreek Water District, Fulton County, Ohio (the District), agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2010 and 2009, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. 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*. 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. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). Government Auditing Standards' independence requirements would normally preclude the Auditor of State from performing this engagement, because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, Government Auditing Standards permits the Auditor of State to perform this engagement, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to perform attest services for Ohio governments.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Fund Status Report to the December 31, 2008 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2010 bank account balances with the District's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation without exception.

5. We selected three (the only outstanding checks) from the December 31, 2010 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.
6. We tested investments held at December 31, 2010 and December 31, 2009 to determine that they were of a type authorized by Ohio Rev. Code, Section 6119.16. We found no exceptions.

Charges for Services

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2010 and 10 water collection cash receipts from the year ended December 31, 2009 recorded in the Revenue Ledger Report and determined whether the:
 - a. Amount per the Revenue Ledger Report agreed to the total amount recorded to the credit of the customer's accounts in the Payment Listing Report. The amounts agreed.
 - b. Amount charged for the related billing period reported in the Customer History Report complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period. We found no exceptions.
 - c. Amount charged was posted as a receivable in the Usage Detail Report for the billing period. We found no exceptions.
 - d. Receipt was posted to the proper fund, and was recorded in the proper year. We found no exceptions.
2. We read the Usage Detail Report.
 - a. We noted this report listed \$20,542 and \$15,966 of accounts receivable as of December 31, 2010 and 2009, respectively.
 - b. Of the total receivables reported in step 2a, \$0 was recorded as more than 90 days delinquent as of December 31, 2010 and 2009.
3. We read the Swan creek Water District Adjustment Report.
 - a. We noted this report listed a total of \$0 non-cash receipts adjustments for the years ended December 31, 2010 and 2009.

Intergovernmental and Other Confirmable Cash Receipts

1. We confirmed the amounts paid from Fulton County for Special Assessments to the District during 2010 and 2009. We found no exceptions.
 - a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.

- b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. We inquired of management, and scanned the Revenue Ledger and the Appropriations Ledger for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. All debt noted agreed to the summary we used in step 2.
2. We obtained a summary of OWDA debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedules to the Loan 3310 Phase II Assessments, Loan 3342 Phase V Assessments, Loan 3960 Road 2 Construction #2, and Loan 3961 Road 2 Construction funds payments reported in the Appropriations Ledger. 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 2010 and one payroll check for five employees from 2009 from the Wages and Overtime - Detailed Report and determined whether the following information in the Board minute records, Board Resolutions and personnel files 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 and fund to which the check should be charged.
 - d. Retirement system participation and payroll withholding.
 - e. Federal, State and 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.

2. We tested the checks we selected in step 1, as follows:
 - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and the By-laws of the Swan creek Water District. We also determined whether the payment was posted to the proper year. We found no exceptions.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2010. We noted the following:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	January 31, 2011	December 23, 2010	\$149	\$149
State income taxes	January 15, 2011	December 15, 2010	125	125
Local income tax	January 31, 2011	December 15, 2010	44	44
OPERS retirement (withholding plus employer share)	January 30, 2011	January 5, 2011	780	240
		February 16, 2011		540

As noted above, the District has not paid OPERS the amount due as required by Ohio Rev. Code Sections 145.47 and 145.48 by January 30, 2011. The Water District Management has indicated the Trustee portion of the UAN OPERS-G Regular Report of Retirement Contributions Report only captured the Manager's withholdings. The Manager identified the error and has paid the Trustees OPERS withholding on February 16, 2011 as noted in the table above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2010 and ten from the year ended December 31, 2009 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 Payment Register Detail 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.

Compliance – Budgetary

1. We compared the total from the Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code, Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, and Road 2 Construction Loan 3961 funds for the years ended December 31, 2010 and 2009. The amounts agreed.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General, and Road 2 Construction Loan 3961 funds. 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), 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2010 and 2009, for the following funds: General and Road 2 Construction Loan 3961. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
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 General and Road 2 Construction Loan 3961 funds for the years ended December 31, 2001 and 2009. Appropriations did not exceed estimated revenue.
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, 2010 and 2009 for the General and Road 2 Construction Loan 3961 funds, as recorded in the Appropriation Status Report. Expenditures did not exceed appropriations.

Compliance – Contracts and Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 for expenditures, other than for the acquisition of real estate and interests in real estate, the discharge of noncontractual claims, personal services, the joint use of facilities or the exercise of powers with other political subdivisions, or the product or services of public utilities, which exceeded twenty-five thousand dollars (Ohio Rev. Code Section 6119.10).

We identified no purchases subject to the aforementioned bidding requirements.

Officials' Response:

We did not receive a response from Officials to the exception reported above.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance and others within the District and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

July 13, 2011

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SWANCREEK WATER DISTRICT

FULTON 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
AUGUST 16, 2011