



Dave Yost • Auditor of State





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

Carroll Water and Sewer District  
Ottawa County  
10340 West State Route 2  
Oak Harbor, Ohio 43449-9013

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Carroll Water and Sewer District, Ottawa 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, 2014 and 2013, 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.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning balance recorded in the Cash Journal Spreadsheet to the December 31, 2012 balances in documentation in the prior year agreed-upon procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balance recorded in the Cash Journal Spreadsheet to the December 31, 2013 balance in the Cash Journal Spreadsheet. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Cash Journal Spreadsheet. The amounts agreed.
4. We confirmed the December 31, 2014 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, 2014 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) on the December 31, 2014 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 spreadsheet, to determine the debits were dated prior to December 31. We noted no exceptions.

6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2014 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 Cash Journal. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested investments held at December 31, 2014 and December 31, 2013 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, 2014 and 10 water collection cash receipts from the year ended December 31, 2013 recorded in the Summary Cash Receipts Journal and determined whether the:
  - a. Receipt amount per the Summary Cash Receipts Journal agreed to the amount recorded to the credit of the customer's account in the Utility Billing Journal Final Report, for 2013, or Summary Billing Register, for 2014. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Utility Billing Journal Final Report (for January 1, 2013 through February 28, 2014) and the Summary Billing Register (for March 1 through December 31, 2014) 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 read the Utility Billing Aging Report for 2014 and the Summary Aged AR by Account by Due Date Report for 2013.
  - a. We noted this report listed \$30,718 and \$16,906 of accounts receivable as of December 19, 2014 and November 21, 2013, the latest respectively dated reports. The Clerk did not archive reports for December 31, 2013 and 2014. We recommend the Clerk generate and retain the accounts receivable reports on a monthly basis to facilitate management's review of delinquent accounts and to implement necessary collections procedures.
  - b. Of the total receivables reported in step 2a, \$15,002 and \$12,667 were recorded as more than 90 days delinquent as of December 19, 2014 and November 21, 2013, respectively.
3. We read the Adjustment Edit Register.
  - a. We noted this report listed a total of \$21,231 and \$4,212 non-cash receipts adjustments for the years ended December 31, 2014 and 2013, respectively. The District changed to a new billing system during 2013 and did not retain a list of non-cash adjustment receipts prior to the change in software; as a result the amounts reflected for 2013 are limited to non-cash adjustments from

August through December of 2013. The District should ensure system generated reports are retained either in electronic or hard copy form for each month end.

- b. We were unable to test non-cash adjustments performed by the Clerk for proper approvals because the District does not require an independent approval of non-cash adjustments. The District should develop formal policies requiring approval of non-cash adjustments to client bills by an individual separate from the billing, collection, and recording of charges for service receipts to ensure non-cash adjustments are made only for appropriate reasons (e.g. an improper meter read, credit for a leak).

#### Debt

1. From the prior agreed-upon procedures documentation, we noted the following loans outstanding as of December 31, 2012. These amounts agreed to the District's January 1, 2013 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2012:
Ohio Public Works Commission Loan	\$44,708
Carroll Township Loans	1,739,934

2. We inquired of management, and scanned the Cash Journal and Check Register Spreadsheets for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedules and Loan Agreement Addendum No. 1 to payments reported in the Check Register Spreadsheet. 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 2014 and one payroll check for five employees from 2013 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 determined whether the account codes to which the check was posted were reasonable based on the employees' duties as documented in the minute records. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employee's personnel file and minute record 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. Accounts and funds 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 except the deduction authorization for deferred compensation was not retained for one employee. We recommend the District maintain all documentation to support authorization of deductions.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 to determine whether 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 2014. We noted 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 and Medicare	January 31, 2015	January 7, 2015	\$3,283.64	\$3,283.64
State income taxes	January 15, 2015	January 7, 2015	714.68	714.68
OPERS retirement	January 30, 2015	January 30, 2015	4,974.98	4,974.98

**Non-Payroll Cash Disbursements**

1. From the Check Register Spreadsheet, we re-footed checks recorded as *personal service* disbursements, and checks recorded as *office expenditures* for 2014. We found no exceptions.
2. We haphazardly selected ten disbursements from the Check Register Spreadsheet for the year ended December 31, 2014 and ten from the year ended December 31, 2013 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 Spreadsheet 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 estimated receipts 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 Asyst Statement of Revenues and Expenditures and the CMI MTD/YTD Report for the years ended December 31, 2014 and 2013, respectively. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for 2014. The Statement of Revenues and Expenditures recorded budgeted (i.e. certified) resources of \$859,500, however, the final *Amended Official Certificate of Estimated Resources* reflected \$909,500. The Clerk should periodically compare amounts recorded in the Revenue Status Report to amounts recorded 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 scanned the appropriation measures adopted for 2014 and 2013 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), 5705.38 and 5705.40, to the amounts recorded in the Appropriations to Date Spreadsheet for 2014 and 2013. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriations to Date Spreadsheet.
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, 2014 and 2013. 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, 2014 and 2013 as recorded in the Appropriation to Date Spreadsheet. Expenditures did not exceed appropriations.

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

Columbus, Ohio

June 23, 2015

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# Dave Yost • Auditor of State

**CARROLL WATER AND SEWER DISTRICT**

**OTTAWA 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 14, 2015**