



Dave Yost • Auditor of State

**SOUTHERN PERRY COUNTY WATER DISTRICT
PERRY COUNTY
DECEMBER 31, 2017 AND 2016**

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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, which were agreed to by the Board of Trustees and the management of the Southern Perry County Water District, Perry 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, 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 agreed the January 1, 2016 beginning balance recorded in the General Ledger Trial Balance to the December 31, 2015 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in General Ledger Trial Balances to the December 31, 2016 balances in the General Ledger Trial Balance. 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 General Ledger Trial Balance. The amounts agreed.
4. We confirmed the December 31, 2017 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, 2017 bank reconciliations without exception.
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 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.

Cash and Investments (Continued)

6. 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 § 6119.16. We found no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

1. We confirmed the amounts paid from the Development Services Agency and the Ohio Water Development Authority (OWDA) to the District during 2017 with the Agency and Authority. We found no exceptions.
 - a. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. We found no exceptions.
2. We confirmed the amounts paid from the Ohio Public Works Commission (OPWC) to the District during 2017 with the commission. We inspected the Receipt Register Report to determine whether the receipts were recorded in the proper year. The District did not properly record these loan proceeds of \$132,770 in their Receipts Register Report. No adjustment to the District's records was required as these payments were directly paid to the vendor by the OPWC; however, the District should have reflected this activity in its financial statements and recorded memo receipts and disbursements for these transactions.

Charges for Services

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2017 and 10 water collection cash receipts from the year ended 2016 recorded in the Closing Totals Report and:
 - a. Agreed the receipt amount per the Closing Totals 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 Billing Edit List 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 Aged Receivables Report.
 - a. This report listed \$32,008, including credit balances, and \$35,433, excluding credit balances, of accounts receivable as of December 31, 2017 and \$29,394, including credit balances, and \$33,590, excluding credit balances, of accounts receivable as of December 31, 2016.
 - b. Of the total receivables reported in procedure 2a, \$7,480, including credit balances, and \$8,147, excluding credit balances, were recorded as more than 90 days delinquent as of December 31, 2017 and \$7,739, including credit balances, and \$8,076, excluding credit balances, were recorded as more than 90 days delinquent as of December 31, 2016.
3. We inspected the Billing/Adjustment Edit List and Customer Transaction History Report.
 - a. This report listed a total of \$587 and \$696 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 approved each adjustment.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following bonds and loans were 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:
OPWC Loans	\$97,989
OWDA Loans	\$1,092,748
USDA Revenue Bonds	\$873,176

2. We inquired of management, and inspected the General Ledger 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 bond and loan debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to debt service 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 no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded per the Statement of Cash Flows. The amounts agreed for the District's new OWDA Loans and a loan for a truck; however, as previously discussed in step 2 of the Intergovernmental and Other Confirmable Cash Receipts section, proceeds and expenditure of \$132,770 paid directly to vendors from the District's new OPWC loan for water tank upgrades was not recorded. The District should record transactions made on-behalf of the District as a memo receipt and expenditure to the accounting system when they occur.
5. For new debt issued during 2017 and 2016, we inspected the debt legislation, which stated the District must use the proceeds of the OWDA Loan #7339 for telemetry improvements, OWDA Loan #7896 for the purchase of an office building and the bank loan to purchase a truck. We inspected the OWDA Loan Detail and noted that OWDA paid on the district's behalf for technical services and equipment for telemetry improvements in August and September 2016. In addition, OWDA paid for the office building in December 2017. The District recorded these transactions in their General Ledger. We inspected the Check Register Detail and observed that the District purchased a truck in April 2017.

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 Report 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 inspected the Payroll Register to confirm whether the account code to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employee's personnel file and minute record for the following information and compared it with the information used to compute gross and net pay related to this check:

Payroll Cash Disbursements (Continued)

- a. Name.
- b. Authorized salary or pay rate.
- c. Account to which the check should be charged.
- d. Retirement system participation and payroll withholding.
- e. Federal, State & Local income tax withholding authorization and withholding.
- f. Any other deduction authorizations (deferred compensation, etc.).

We found no exceptions related to procedures a. – f. above.

- 3. 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	1/31/2018	1/4/2018	\$1,876	\$1,876
State income taxes	1/15/2018	1/5/2018	\$329	\$329
OPERS retirement	1/30/2018	1/3/2018	\$2,885	\$2,885

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Check Register 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 Check 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.
- d. We found eight instances where the certification date was after the vendor invoice date for disbursements requiring the Fiscal Officer's certification and there was no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code § 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 *Operating Budget* required by Ohio Rev. Code §§ 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Schedule of Cash Receipts and Disbursements (Actual and Budget) for the years ended December 31, 2017 and 2016. The amounts agreed.
- 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 §§ 5705.28(B)(2) and 5705.38(C). We found no exceptions.

Compliance – Budgetary (Continued)

3. We compared total appropriations required by Ohio Rev. Code §§ 5705.28(B)(2), 5705.38 and 5705.40, to the amounts recorded in the Schedule of Cash Receipts and Disbursements (Actual and Budget) for 2017 and 2016. The amounts on the appropriation resolutions agreed to the amounts recorded in the Schedule of Cash Receipts and Disbursements (Actual and Budget).
4. Ohio Rev. Code § 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 did not exceed estimated revenue.
5. 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 appropriations for the years ended December 31, 2017 and 2016, as recorded in the Schedule of Cash Receipts and Disbursements (Actual and Budget). Expenditures did not exceed appropriations.
6. We inspected the General Ledger Report for the years ended December 31, 2017 and 2016 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.

Other Compliance

Ohio Rev. Code § 117.38 requires the District to file its financial information in the Hinkle System within 150 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 refiling 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 timeframe for the years ended December 31, 2017 and 2016 in the Hinkle System. There were 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, 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 11, 2018



Dave Yost • Auditor of State

SOUTHERN PERRY COUNTY WATER DISTRICT

PERRY 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
OCTOBER 23, 2018**