



OHIO AUDITOR OF STATE
KEITH FABER



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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, which were agreed to by the Board of Trustees (the Board) and the management of Carroll Water and Sewer District, Ottawa 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, 2018 and 2017 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, 2018 and 2017 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, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning balance recorded in the Cash Journal spreadsheet to the December 31, 2016 balance in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balance recorded in the Cash Journal spreadsheet to the December 31, 2017 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, 2018 and December 31, 2017 cash balances reported in the Cash Journal spreadsheet. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) haphazardly from the December 31, 2018 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. There were no exceptions.
6. We selected all reconciling credits (such as deposits in transit) haphazardly from the December 31, 2018 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 Receipt Ledger spreadsheet. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We inspected investments held at December 31, 2018 and December 31, 2017 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 ten water/sewer collection cash receipts from the year ended December 31, 2018 and ten water/sewer collection cash receipts from the year ended December 31, 2017 recorded in the Batch Receipt Report and:
 - a. Agreed the receipt amount per the Batch Receipt Report to the amount recorded to the customer's account in the Summary Billing Register Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Summary Billing Register Report 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. Determined the receipt was recorded in the year received. We found no exceptions.
2. We inspected the Standard Aging Report for the year ended December 31, 2018 and the Utility Billing Aging Report for the year ended December 31, 2017.
 - a. These reports listed \$41,997 and \$19,576 of accounts receivable as of December 31, 2018 and 2017, respectively.
 - b. Of the total receivables reported in procedure 2a, \$18,309 and \$16,234 were recorded as more than 90 days delinquent as of December 31, 2018 and 2017, respectively.
3. We inspected the Batch Summary Report for the year ended December 31, 2018 and the Utility Adjustment Edit Register Report for the year ended December 31, 2017.
 - a. These reports listed a total of \$20,031 and \$294 non-cash receipts adjustments for the years ended December 31, 2018 and 2017, respectively.

- b. We haphazardly selected five non-cash adjustments from 2018 and five non-cash adjustments from 2017, and noted that the Superintendent approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2016. These amounts agreed to the District's January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
OPWC Loan #CE09H	\$30,401
Carroll Township Loan	1,720,487

2. We inquired of management, and inspected the Receipt Ledger spreadsheets and Check Register spreadsheets for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2018 and 2017 and agreed principal payments from the related debt amortization schedule 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 2018 and one payroll check for five employees from 2017 from the Payroll Calculation Report and:
- a. We compared the hours and pay rate, or salary amount recorded in the Payroll Calculation Report to supporting documentation (timecard or legislatively-approved rate or salary). We found no exceptions.
 - b. We inspected the Payroll Calculation Report to confirm whether the account codes to which the check was posted were reasonable based on the employee's duties as documented in the employee's personnel file and/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, 2018 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 2018. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare	January 31, 2019	December 19, 2019	\$1,788	\$1,788
State income taxes	January 15, 2019	January 9, 2019	821	821
OPERS retirement	January 30, 2019	January 16, 2019	8,533	8,533

Non-Payroll Cash Disbursements

1. From the Check Register spreadsheet, we re-footed checks recorded as *personal service* disbursements, and checks recorded as *miscellaneous expenditures* for 2018. We found no exceptions.
2. We haphazardly selected ten disbursements from the Check Register spreadsheet for the year ended December 31, 2018 and ten from the year ended December 31, 2017 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.

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 Budget spreadsheet for the years ended December 31, 2018 and 2017. The amounts agreed.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, the Board 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) and 5705.38 and 5705.40, to the amounts recorded in the Budget spreadsheet for 2018 and 2017. The amounts on the appropriation measures agreed to the amounts recorded in the Budget 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, 2018 and 2017. Appropriations did not exceed estimated revenue.
5. Ohio Rev. Code Sections 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, 2018 and 2017, as recorded in the Budget spreadsheet. Expenditures did not exceed appropriations.
6. We inspected the Cash Journal spreadsheet for the years ended December 31, 2018 and 2017 for evidence of a negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) 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. We noted no negative cash fund balances.

Other Compliance

Ohio Rev. Code Section 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 its 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, 2018 and 2017 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 its cash-basis accounting records for the years ended December 31, 2018 and 2017, 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

April 25, 2019

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OHIO AUDITOR OF STATE KEITH FABER



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
MAY 16, 2019**