



OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Ayersville Water and Sewer District
Defiance County
13961 Fruit Ridge Road
Defiance, Ohio 43512-6985

We have performed the procedures enumerated below on Ayersville Water and Sewer District, Defiance County, Ohio's (the District) receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022, 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, 2023 and December 31, 2022 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2022 beginning fund balances for each fund recorded in the Fund Status Report to the December 31, 2021 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. The January 1, 2022 beginning fund balances recorded in the Fund Status Report totaled \$2,800,197, while the December 31, 2021 balances in the prior year Agreed-Upon Procedures working papers totaled \$2,800,056, for a difference of \$141. The variance is customer credit card payments made on customer accounts.

We also agreed the January 1, 2023 beginning fund balances for each fund recorded in the Fund Status Report to the December 31, 2022 balances in the Cash Summary by Fund Report. The January 1, 2023 beginning fund balances recorded in the Fund Status Report totaled \$2,950,473, while the December 31, 2022 balances in the Cash Summary by Fund Report totaled \$2,950,410, for a difference of \$63. The variance is a customer credit card payment made on a customer account.

3. We agreed the 2023 and 2022 bank reconciliation as of December 31, 2023 and 2022 to the total fund cash balances reported in the Cash Summary by Fund Report and the financial statements filed by the District in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2023 bank account balances with the District's financial institution and the Ohio Pooled Collateral System. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2023 bank reconciliation without exception.
5. We selected all of the reconciling debits (such as outstanding checks) from the December 31, 2023 bank reconciliation:
 - a. Each debit was still outstanding as of the date of this report.
 - 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, 2023 and December 31, 2022 to determine that they were of a type authorized by Ohio Rev. Code § 6119.16. We found no exceptions.

Charges for Services

1. We selected ten water/sewer collection cash receipts from the year ended December 31, 2023 and ten water/sewer collection cash receipts from the year ended December 31, 2022 recorded in the Receipt Detail Report and:
 - a. Agreed the receipt amount per the Receipt Detail Report to the amount recorded to the customer's account in the Pending Billing Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Pending Billing Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the engagement period for sewer charges and complied with rates in force during the engagement period multiplied by the water consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings.
 - c. Receipt was posted to the proper funds and was recorded in the year received. We found no exceptions.
2. We inspected the Aged Balance Report.
 - a. This report listed \$23,089 and \$20,267 of accounts receivable as of December 31, 2023 and 2022, respectively.
 - b. Of the total receivables reported in procedure 2a, \$2,276 and \$1,282 were recorded as more than 90 days delinquent.
3. We inspected the Adjustment Report.
 - a. This report listed a total of \$21,830 and \$25,068 non-cash receipts adjustments for the years ended December 31, 2023 and 2022, respectively.
 - b. We selected five non-cash adjustments from 2023 and five non-cash adjustments from 2022, and observed that the Board of Trustees approved each adjustment.

Other Receipts

We selected ten other receipts from the year ended December 31, 2023 and:

- a. Agreed the receipt amount recorded in the Receipt Export Report to supporting documentation. The amounts agreed.
- b. Inspected the Receipt Export Report to determine the receipt was posted to the proper funds and was recorded in the proper year. We found no exceptions.

Debt

- 1. From the prior agreed-upon procedures documentation, we observed the following loan was outstanding as of December 31, 2021.
 - a. These amounts agreed to the District's January 1, 2022 balances on the summary we used in procedure 3.
 - b. We inspected the loan agreement for the outstanding loan, and we confirmed the District does not have any debt covenants.

Issue	Principal outstanding as of December 31, 2021:
Ohio Water Development Authority Loan #5864	\$240,144

- 2. We inquired of management and inspected the Receipt Register Report and Payment Export Report for evidence of debt issued during 2023 or 2022 or debt payment activity during 2023 or 2022. All debt agreed to the summary we used in procedure 3.
- 3. We obtained a summary of loan debt activity for 2023 and 2022 and agreed principal and interest payments from the related debt amortization schedule to Sewer Operating Fund payments reported in the Payment Export Report. 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 selected one payroll check for five employees from 2023 and one payroll check for five employees from 2022 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files. We found no exceptions.
 - c. We confirmed the payment was posted to the proper year. We found no exceptions.
- 2. We selected two new Board of Trustees from 2022 and:
 - a. We inspected the Board of Trustees' personnel files for the Retirement system, Federal, State and Local income tax withholding authorization.
 - b. We agreed the items in a above to the Employee General Information Report.
 We found no exceptions.
- 3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2023 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 2023. 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	January 31, 2024	January 3, 2024	\$1,845.02	\$1,845.02
State income taxes	January 15, 2024	January 3, 2024	326.10	326.10
School tax	January 31, 2024	January 3, 2024	113.60	113.60
Local City income tax	January 31, 2024	January 2, 2024	162.99	162.99
OPERS retirement	January 30, 2024	January 3, 2024	3,594.99	3,594.99

We found no exceptions.

Non-Payroll Cash Disbursements

We selected ten disbursements from the Payment Export Report for the year ended December 31, 2023 and ten from the year ended December 31, 2022 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 Export 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. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. Ohio Rev. Code §§ 5705.28(B)(2) and 5705.41(B) prohibits expenditures (disbursements plus certified commitments including outstanding encumbrances) 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, 2023 and 2022 for the Water Operating, Sewer Operating, and Water Capital Improvements Funds. Expenditures did not exceed appropriations.
2. We inspected the Cash Summary by Fund Report for the years ended December 31, 2023 and 2022 for negative cash fund balance. Ohio Rev. Code § 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. There were no funds having negative cash fund balances.

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 that the District did not have any completed public records requests during the engagement period.

The District did not have any denied public records requests during the engagement period.

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 inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the District's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
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.
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, 2023 and 2022 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

April 3, 2024

OHIO AUDITOR OF STATE KEITH FABER



AYERSVILLE WATER AND SEWER DISTRICT

DEFIANCE 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 4/16/2024

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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