



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, 2012 and 2011, 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, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning balance recorded in the Check Register Spreadsheet to the December 31, 2010 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning balance recorded in the Check Register Spreadsheet to the December 31, 2011 balances in the Check Register Spreadsheet. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 cash balances reported in the Check Register 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, 2012 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2012 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. We noted no exceptions.
6. We selected all reconciling credits (such as deposits in transit) from the December 31, 2012 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 Check Register Spreadsheet. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We tested interbank account transfer occurring in December of 2011 to determine if it was properly recorded in the accounting records and on each bank statement. We found no exceptions.
8. We tested investments held at December 31, 2012 and December 31, 2011 to determine that they were of a type authorized by Ohio Rev. Code Section 6119.16. We found no exceptions.

#### **Intergovernmental Cash Receipts**

We selected the receipt from the County Auditor's *Statement of Semi-annual Apportionment of Taxes* from 2011.

- a. We compared the amount from the above report to the amount recorded in the Summary Cash Receipts Journal. The amounts agreed.
- b. We determined whether this receipt was allocated to the proper fund. We found no exceptions.
- c. We determined whether the receipt was recorded in the proper year. We found no exceptions.

#### **Charges for Services**

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2012 and 10 water collection cash receipts from the year ended 2011 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. 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 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 the minimum charge, 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 Summary Open AR by Account and Overdue Aged A/R by Account Reports.
  - a. We noted this report listed \$66,866.06 and \$65,392.43 of accounts receivable as of December 31, 2012 and 2011, respectively.
  - b. Of the total receivables reported in step 2a, \$12,979.56 and \$7,702.29 were recorded as more than 90 days delinquent as of December 31, 2012 and 2011, respectively.

3. We read the Misc. Charges Journal.
  - a. We noted this report listed no non-cash receipts adjustments for the years ended December 31, 2012 and 2011.

#### Debt

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2010. These amounts agreed to the District's January 1, 2011 balances on the summary we used in step 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2010:</b>
Ohio Public Works Commission Loan	\$51,860
Carroll Township Loans	1,892,935

2. We inquired of management, and scanned the Check Register Spreadsheet for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of debt activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedule and Loan Agreement Addendum No. 1 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 each employee from 2012 and one payroll check for each employee from 2011 from the Payroll Detail Spreadsheet and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Detail Check Register to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll detail check register. We found no exceptions.
  - c. We determined whether the account code to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 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 2012. 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, 2013	January 15, 2013	\$2,271.35	\$2,271.35
State income taxes	January 15, 2013	January 9, 2013	619.18	619.18
OPERS retirement	January 30, 2013	January 16, 2013	3,888.45	3,888.45

**Non-Payroll Cash Disbursements**

1. From the Check Register Spreadsheet, we re-footed checks recorded as enterprise personal service disbursements, and checks recorded as enterprise office expenditures for 2012. We found no exceptions.
2. We haphazardly selected ten disbursements from the Check Register Spreadsheet for the year ended December 31, 2012 and ten from the year ended December 31, 2011 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 Appropriations to Date Spreadsheet for the years ended December 31, 2012 and 2011. The Appropriation to Date Spreadsheet recorded no budgeted (i.e. certified) resources for 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$1,933,099. The Fiscal Officer 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 2012 and 2011 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 2012 and 2011. 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, 2012 and 2011. 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, 2012 and 2011, as recorded in the Appropriation Status Report. 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

October 8, 2013

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**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  
NOVEMBER 7, 2013**