



Dave Yost • Auditor of State





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

Board of Trustees  
Allen Water District  
Allen County  
3230 North Cole Street  
Lima, Ohio 45801

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Allen Water District (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, 2015 and 2014, 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 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

1. We tested the mathematical accuracy of the December 31, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning cash balances recorded in the General Ledger Report to the December 31, 2013 total cash balance in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2015 beginning cash balances recorded in the General Ledger Report to the December 31, 2014 cash balances in the General Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2015 and 2014 cash balances reported in the Balance Sheet. The amounts agreed.
4. We confirmed the December 31, 2015 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, 2015 bank reconciliation without exception.
5. We tested interbank account transfers occurring in December of 2015 and 2014 to determine if they were properly recorded in the accounting records and on each bank statement. We found no exceptions.

**Confirmable Cash Receipts**

1. We obtained the 2015 and 2014 Allen County Vendor Invoice List Report and determined the amount of special assessments collected on be-half of the District by Allen County.
  - a. We compared the amount of receipts reported in the Vendor Invoice List Report to those recorded in the District's QuickBooks General Ledger Report. We noted no exceptions.
  - b. We determined whether these receipts were recorded in the proper year. We noted no exceptions.

**Charges for Services**

1. We obtained the 2015 and 2014 City of Lima Expenditure History by Vendor Report and determined the amount of District Fees and Contract Fees collected on be-half of the District by the City.
  - a. We compared the amount of receipts reported in the Expenditure History by Vendor Report to those recorded in the District's QuickBooks General Ledger Report. We noted no exceptions
  - b. We determined whether these receipts were recorded in the proper year. We noted no exceptions.

**Debt**

1. From the prior audit documentation, we noted the following notes and loans outstanding as of December 31, 2013. These amounts agreed to the Districts January 1, 2014 balances on the summary we used in step 3 except for the Ohio Water & Sewer Rotary Loans. During 2016, the District made a correction to this balance due to errors identified by the District. The correct balance should be \$272,330 and has been corrected by the District.

Issue	Principal outstanding as of December 31, 2013:
Note Payable OWDA #1445	\$94,292
Note Payable OWDA #1446	4,514
Note Payable OWDA #1447	558,837
Note Payable OWDA #1448	318,708
Note Payable OWDA #1449	78,641
Note Payable OWDA #2139	87,363
Note Payable OWDA #2961	65,509
Note Payable OWDA #2975	340,185
Note Payable OWDA #3017	639,285
Note Payable OWDA #3018	79,535
Note Payable OWDA #3036	62,490
Note Payable OWDA #3111	106,678
Note Payable OWDA #3129	83,278
Note Payable OWDA #3130	63,674
Note Payable OWDA #3131	337,953
Note Payable OWDA #3132	250,995
Note Payable OWDA #3209	115,801
Note Payable OWDA #3210	111,831
Note Payable OWDA #3230	428,286
Note Payable OWDA #3297	51,487
Note Payable OWDA #3874	168,616
Note Payable OWDA #3910	133,488
Note Payable OWDA #4056	499,821
Note Payable OWDA #4279	76,341
Note Payable OWDA #4566	410,013
Note Payable OWDA #6589	657,929
Ohio Water & Sewer Rotary Loans	271,914

### **Debt (Continued)**

2. We inquired of management and scanned the General Ledger Report for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of note debt activity for 2015 and 2014 and agreed principal and interest payments from the related invoices sent from OWDA to debt service payments reported in the General Ledger 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 General Ledger Report. The amounts agreed.
5. For new debt issued during 2014, we inspected the debt legislation, noting the District must use the proceeds for the Southwest Regional Waterline Improvement Construction. We scanned the General Ledger Report and noted the District did start the project in March of 2015. The loan agreement noted the loan amount was for up to \$500,000; however as of December 31, 2015 the district had only drawn \$397,844.

### **Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the General Ledger Report for the year ended December 31, 2015 and ten from the year ended 2014 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 or bank statement, agreed to the check number, date, payee name and amount recorded in the General Ledger 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 Section 5705.41(D). We found no exceptions.

### **Compliance – Budgetary**

1. We compared the total budgeted receipts from the Final Approved Budget required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Monthly Budget Analysis Worksheet for the years ended December 31, 2015 and 2014. The amounts on the Final Approved Budget did not agree to the amount recorded in the accounting system. The Monthly Budget Analysis Worksheet recorded budgeted (i.e. certified) receipts of \$1,698,976 and \$2,195,832 for 2015 and 2014, respectively. However, the Final Approved Budget reflected \$1,647,176 and \$2,450,547 for 2015 and 2014, respectively. The Treasurer should periodically compare amounts recorded in the Monthly Budget Analysis Worksheet to amounts recorded on the Final Approved Budget 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 budgeted appropriations adopted for 2015 and 2014 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 budgeted appropriations from the Final Approved Budget required by Ohio Rev. Code Sections 5705.28(B)(2), 5705.38 and 5705.40, to the amounts recorded in the Monthly Budget Analysis Worksheet for 2015 and 2014. The amounts on the budgeted appropriations from the Final Approved Budget did not agree to the amounts recorded in the Monthly Budget

**Compliance – Budgetary (Continued)**

Analysis Worksheet. The Monthly Budget Analysis Worksheet recorded budgeted appropriations of \$1,787,192 and \$2,777,836 for 2015 and 2014, respectively. However, the Final Approved Budget reflected \$1,662,092 and \$2,659,797 for 2015 and 2014, respectively. The Treasurer should periodically compare amounts recorded in the Monthly Budget Analysis Worksheet to amounts recorded on the Final Approved Budget to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

4. Ohio Rev. Code Section 5705.28(B)(2)(c) prohibits budgeted appropriations from exceeding the estimated revenue available for expenditure (receipts plus beginning unencumbered cash). We compared total budgeted appropriations from the Final Approved Budget to total estimated revenue for the years ended December 31, 2015 and 2014. Budgeted 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 budgeted appropriations. We compared total expenditures to total budgeted appropriations for the years ended December 31, 2015 and 2014, as recorded in the Final Approved Budget for the budgeted appropriations and General Ledger Report for expenditures. Expenditures did not exceed budgeted appropriations.
6. We scanned the Trial Balance Reports for the years ended December 31, 2015 and 2014 for 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 funds having a negative cash fund balance.

**Other Compliance**

1. Ohio Rev. Code Section 117.38 requires entities to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the District filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.

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.

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**Dave Yost**  
Auditor of State

Columbus, Ohio

August 25, 2016



# Dave Yost • Auditor of State

**ALLEN WATER DISTRICT**

**ALLEN 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  
SEPTEMBER 22, 2016**