



Dave Yost • Auditor of State

**BURR OAK REGIONAL WATER DISTRICT
ATHENS COUNTY
DECEMBER 31, 2017 AND 2016**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Burr Oak Regional Water District
Athens County
23554 Jenkins Dam Road
Glouster, Ohio 45732

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Burr Oak Regional Water District, Athens County, Ohio (the District), on the receipts, disbursements and balances recorded in the Districts 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 compared the January 1, 2016 beginning balance recorded in the Trial Balance Report to the December 31, 2015 balances documentation in the prior year Agreed-Upon Procedures working papers. The Trial Balance Report at January 1, 2016 exceeded the December 31, 2015 balance from the documentation in the prior year Agreed-Upon Procedures working papers by \$50 due to a 2016 deposit posted to the wrong year in QuickBooks. We also agreed the January 1, 2017 beginning fund balances recorded in the Trial Balance Report to the December 31, 2016 balances in the Trial Balance Report. 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 Trial Balance Report. The amounts agreed for 2017. At December 31, 2016, the fund cash balance per Trial Balance report exceeded the fund cash balance used in the cash reconciliation by \$2,285. This variance was due to a timing difference and reversed itself in the subsequent month.
4. We confirmed the December 31, 2017 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, 2017 bank reconciliation without exception.

Cash and Investments (Continued)

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 statements. 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.
6. We selected five reconciling credits (such as deposits in transit) haphazardly from the December 31, 2017 bank reconciliation:
 - a. We traced each credit to the subsequent January bank statements with two exceptions. We found one deposit dated December 22, 2017 for \$39 and one deposit dated December 29, 2017 for \$40 which had not cleared the bank as of February 28, 2018. We reviewed support on file which indicated the bank erroneously put the deposit into the wrong account. No audit adjustments were proposed; however, the District's Administrative Assistant should contact the bank for correction.
 - b. We agreed the credit amounts to the Receipts Register. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. 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.

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 Receipt Register Report and:
 - a. Agreed the receipt amount per the Receipt Register Report to the amount recorded to the customer's account in the Customer Balance Detail. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the General Ledger 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 Accounts Receivable Aging Summary.
 - a. This report listed \$237,664 and \$229,028 of accounts receivable as of December 31, 2017 and 2016, respectively.
 - b. Of the total receivables reported in procedure 2a, \$1,116 and \$219 were recorded as more than 90 days delinquent as of December 31, 2017 and 2016, respectively.
3. We inspected the Meter Reading Reports.
 - a. This report listed a total of \$64 and \$701 non-cash receipts adjustments for the years ended December 31, 2017 and 2016, respectively.
 - b. We selected all four non-cash adjustments from 2017 and 2016, and noted that the Board of Trustees approved each adjustment.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following 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:
Ohio Water Development Authority #4776	\$826,142
Ohio Water Development Authority #4915	201,325
Ohio Water Development Authority #5266	5,416,149
Ohio Water Development Authority #5054	539,637
Ohio Water Development Authority #5069	121,214
Ohio Water Development Authority #5871	1,042,755
Ohio Public Works Commission #CR22N	480,757

2. We inquired of management, and inspected the Receipt Register Report and Check Register 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 loan debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to 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 one exception. The principal recorded in 2016 for the Ohio Water Development Authority #4776 was \$15 less than the amortization schedule due to rounding of the percentage used to allocate the debt between the District and Perry County.

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 Check Register and:
 - a. We compared the hours and pay rate recorded in the Employee Pay Stub to supporting documentation (timecard, or legislatively approved rate). We found no exceptions.
 - b. We inspected the Check Register to confirm whether the account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files 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, 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	01/31/2018	12/29/2017	\$2,758	\$2,758
State income taxes	01/15/2018	12/29/2017	1,929	1,929
OPERS retirement	01/31/2018	02/01/2018	7,458	7,458

The District paid OPERS the amount due as required by Ohio Rev. Code §§ 145.47 and 145.48 after January 31, 2018.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Check Register 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 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 Administrative Assistant 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. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code §§ 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Income/Expense Statement Report 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.
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 Income/Expense Statement Report for 2017 and 2016. The amounts on the appropriation resolutions agreed to the amounts recorded in the Income/Expense Statement Report for 2016. In 2017, the Income/Expense Statement Report showed \$3,324,699 while appropriations totaled \$3,347,974.
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 Income/Expense Statement Report. 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 (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.

Other Compliance

Ohio Rev. Code § 117.38 requires these district's to file their 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.



Dave Yost
Auditor of State
Columbus, Ohio

June 25, 2018

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BURR OAK REGIONAL WATER DISTRICT

ATHENS 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
JULY 17, 2018**