



Dave Yost • Auditor of State





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

Fayetteville-Perry Township Regional Water and Sewer District  
Brown County  
P.O. Box 294  
Fayetteville, Ohio 45118

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Fayetteville-Perry Township Regional Sewer District, Brown 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, 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 describes only 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 agreed the January 1, 2016 beginning balance recorded in the General Ledger to the December 31, 2015 balance in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balance recorded in the General Ledger to the December 31, 2016 balances in the General Ledger. 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 General Ledger. In 2016, there was a variance of \$418. This was the result of STAR Ohio interest for November and December 2016 not being recorded.
4. We confirmed the December 31, 2017 STAR Ohio account balances with the STAR Ohio. We found no exceptions. We also observed the year-end bank balance with Peoples Bank on the financial institution's website. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected four reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
  - a. We traced each debit to the subsequent February 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. There were no exceptions.

6. We selected three reconciling credits (such as deposits in transit) haphazardly from the December 31, 2017 bank reconciliation:
  - a. The District improperly carried three deposits in transit totaling \$257. Two deposits totaling \$215 were dated March 5, 2015 and one deposit totaling \$43 was dated February 9, 2016. We were unable to verify these three reconciling credits to a subsequent bank statement or to the financial institution's website transaction listing. The District has been incorrectly carrying these reconciling credits and should make appropriate adjustments.
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 Section 6119.16. We found no exceptions.

### Special Assessments

1. We selected both Special Assessment settlements from the *Statement of Semiannual Apportionment of Special Assessments* for 2017 and 2016:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the General Ledger. The amounts agreed.
  - b. We inspected the General Ledger to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.

### Charges for Services

1. We haphazardly selected 10 sewer collection cash receipts from the year ended December 31, 2017 and 10 sewer collection cash receipts from the year ended 2016 from the billing stubs and:
  - a. Agreed the receipt amount per the billing stub to the amount recorded to the customer's account in the General Ledger. 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 plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
  - c. Receipt was recorded in the year received. We found no exceptions.
2. We inspected the Accounts Receivable Aging Report:
  - a. This report listed \$22,937 and \$23,349 of accounts receivable as of December 31, 2017 and 2016, respectively.
  - b. Of the total receivables reported in procedure 2a, \$11,900 and \$11,483 were recorded as more than 90 days delinquent as of December 31, 2017 and 2016, respectively.
3. We inspected the General Ledger Report.
  - a. We noted no non-cash receipt adjustments for the years ended December 31, 2017 and 2016.

**Debt**

1. From the prior audit, 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:
USDA Loan	\$1,310,237
OPWC Loan	67,099
OPWC Loan 2010	98,182
OWDA Loan #3953	363,114
OWDA Loan #4518	245,088
OWDA Loan #5330	840,919
OWDA Loan #6438	728,324
WWTP Improvement Loan #4734	1,248,620
Water Pollution Control Loan	401,670
<b>Total</b>	<b>\$5,303,253</b>

2. We inquired of management, and inspected the General Ledger for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances during 2017 or 2016.
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 General Ledger. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.

**Non-Payroll Cash Disbursements**

1. We haphazardly selected 10 disbursements from the General Ledger for the year ended December 31, 2017 and 10 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 General Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The fiscal officer certified disbursements requiring certification as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

**Compliance – Budgetary**

1. We attempted to compare the total estimated receipts from the *Certificate of the Total Amount Available 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 accounting system for the years ended December 31, 2017 and 2016. While the District maintains a budgetary tracking spreadsheet outside of the accounting system, the estimated receipts were not recorded in the accounting system
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 attempted to compare total appropriations required by Ohio Rev. Code §§5705.28(B)(2), 5705.38 and 5705.40 to amounts recorded in the accounting system for 2017 and 2016. While the District maintains a budgetary tracking spreadsheet outside of the accounting system, the appropriation amounts were not recorded in the accounting system.
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. Expenditures did not exceed appropriations.
6. We inspected the General Ledger for the years ended December 31, 2017 and 2016 for negative cash fund balances. Ohio Rev. Code §5705.10 (l) 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 Section 117.38 requires these district's 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, 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.

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A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 24, 2018

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# Dave Yost • Auditor of State

**FAYETTEVILLE-PERRY TOWNSHIP REGIONAL SEWER DISTRICT**

**BROWN 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  
OCTOBER 23, 2018**