



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Madison Water District
Richland County
489 Indiana Avenue
Mansfield, Ohio 44905

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Madison Water District, Richland 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 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 agreed the January 1, 2016 beginning balance recorded in the General Ledger to the December 31, 2015 balance in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2017 beginning fund balance recorded in the General Ledger to the December 31, 2016 balance 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. The amounts agreed.
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 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 all reconciling credits (such as deposits in transit) from the December 31, 2017 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 General Ledger. Each credit was recorded as a December receipt for the same amount recorded in the reconciliation.
7. We traced interbank account transfers occurring in December of 2017 and 2016 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.
8. 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.

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 Billing Register and:
 - a. Agreed the receipt amount per the Edit List to the amount recorded to the customer's account in the Billing Register. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Register 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 Aged Receivables Report.
 - a. This report listed \$5,562.70 and \$25,324.49 of accounts receivable as of December 31, 2017 and 2016, respectively.
 - b. Of the total receivables reported in procedure 2a, \$3,072.87 and \$3,409.34 were recorded as more than 60 days delinquent as of December 31, 2017 and 2016, respectively.
3. We inspected the Transaction List Report.
 - a. This report listed a total of \$7,339.04 non-cash receipts adjustments for the year ended December 31, 2017. The District did not have a report detailing the total non-cash receipt adjustments made for the year ended December 31, 2016. We recommend the District retain or prepare a schedule of non-cash receipt adjustments made to its customers' accounts so these adjustments may be reviewed and monitored by management.

Charges for Services (Continued)

- b. We haphazardly selected five non-cash adjustments from 2017, and noted that the Board of Trustees approved each adjustment.

Debt

- 1. From the prior agreed-upon procedures documentation, we observed the following loan was outstanding as of December 31, 2015. This amount agreed to the District's January 1, 2016 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2015:
OWDA Loan	\$134,288

- 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. 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 schedule to loan 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.

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 Payroll Check Register and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Check Register to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We inspected the Payroll 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 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 (and social security, for employees not enrolled in pension system)	January 31, 2018	December 16, 2017	\$403.98	\$403.98
OPERS retirement	January 30, 2018	December 12, 2017	\$330.00	\$330.00

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Check Register Report 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 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 revenue from the budget, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Quarterly Budget versus Actual Reports 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 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) and 5705.38 and 5705.40, to the amounts recorded in the Purchase Order Register for 2017 and 2016. The Purchase Order Register recorded budgeted expenditures of \$168,100 and \$169,794 for 2017 and 2016, respectively. However, the appropriations approved by the Board reflected \$206,242 and \$192,514 for 2017 and 2016, respectively. The fiscal officer should periodically compare amounts recorded in the Purchase Order Register to amounts approved by the Board 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 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 Sections 5705.28(B)(2) and 5705.41(B) prohibits 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 Quarterly Budget versus Actual reports. Expenditures did not exceed appropriations.
6. We inspected the General Ledger for the years ended December 31, 2017 and 2016 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. There were no funds having negative cash fund balances.

Other Compliance

1. 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-upon 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

July 5, 2018

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MADISON WATER DISTRICT

RICHLAND 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 26, 2018**