



**WALNUT CREEK SEWER DISTRICT
FAIRFIELD COUNTY**

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2018 - 2017

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street, 10th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Walnut Creek Sewer District
Fairfield County
102 East Columbus Street
Pleasantville, Ohio 43138

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Walnut Creek Sewer District (the District) on the receipts, disbursements and balances recorded in the District's cash basis accounting records for the years ended December 31, 2018 and 2017 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, 2018 and 2017 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

1. We recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning balances recorded in the General Ledger Report to the December 31, 2016 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the General Ledger Report to the December 31, 2017 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, 2018 and 2017 cash balances reported in the General Ledger Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balances with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 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 Detail Report, to determine the debits were dated prior to December 31. There were no exceptions.

Charges for Services

1. We obtained the December 31, 2018 and 2017 Payment Detail Reports submitted by the Village of Pleasantville and Village of Thurston, the Village's responsible for collecting Sewer fee services on behalf of the District. We agreed the total gross Sewer fees per year to the District's General Ledger Reports. The amounts agreed.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following bonds and loans were outstanding as of December 31, 2016. These amounts did not agree to the District's January 1, 2017 balances on the summary we used in procedure 3 for OWDA Loan 5194, OPWC Loans CQ28L and CQ29M. The District is paid ahead by one payment for both OPWC loans. The outstanding principal balance for the OWDA loan varied by \$23.

Issue	Principal outstanding as of December 31, 2016:
USDA Rural Development Bonds	\$78,240
OWDA Loan 4060	\$25,562
OWDA Loan 5194	\$35,022
OPWC Loan CQ28L	\$188,527
OPWC Loan CQ29M	\$466,320

2. We inquired of management, and inspected the General Ledger Report and Check Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of bonds and loans debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedules to debt service payments reported in the Check Detail Report. 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 selected a sample (agreed-upon) of ten disbursements from the Check Detail Report for the year ended December 31, 2018 and ten from the year ended 2017 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 Detail 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 three instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

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 Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Appropriation Journal and General Ledger Report for the years ended December 31, 2018 and 2017. The Appropriation Journal and General Ledger Report recorded budgeted (i.e. certified) resources of \$424,682 and \$362,048 for 2018 and 2017, respectively. However, *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, reflected \$595,000 and \$395,000, respectively. The fiscal officer should periodically compare amounts recorded in the Appropriation Journal and General Ledger Report to amounts recorded on the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for utilities,” 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 Appropriation Journal for 2018 and 2017. The amounts on the appropriation resolutions did not agree to the amounts recorded in the Appropriation Journal for 2017. The Appropriation Journal recorded budgeted (i.e. certified) appropriations of \$390,000, however, the appropriation resolutions reflected \$395,000. The fiscal officer should periodically compare amounts recorded in the Appropriation Journal to amounts recorded on the appropriation resolutions 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, 2018 and 2017. 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, 2018 and 2017, as recorded in the General Ledger Report. Expenditures did not exceed appropriations.
6. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 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 regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. 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, 2018 and 2017 in the Hinkle system. Financial information was filed on February 21, 2019 and March 19, 2018, respectively, which was not within the allotted timeframe for 2017.
2. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.
 - a. We selected 5 credit card transactions made by employees and 3 credit card transactions from the fiscal officer, for testing. For selected transactions we inspected documentation to determine that:
 - i. Each transaction was supported with original invoices and for a proper public purpose.

We found no exceptions related to procedure a. above.

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, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

May 8, 2019

OHIO AUDITOR OF STATE KEITH FABER



WALNUT CREEK SEWER DISTRICT

FAIRFIELD 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
MAY 28, 2019**