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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Swanecreek Water District
Fulton County
5565 County Road D
Delta, Ohio 43515-9619

To the Board of Trustees:

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Swanecreek Water District, Fulton County, Ohio (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, 2012 and 2011, 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 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*. 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 tested the mathematical accuracy of the December 31, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2010 balances documented in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2012 beginning fund balances reported in the Fund Ledger Report to the December 31, 2011 balances recorded in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2012 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, 2012 bank reconciliation without exception.
5. We tested investments held at December 31, 2012 and December 31, 2011 to determine that they were of a type authorized by Ohio Rev. Code Section 6119.16. We found no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

1. We confirmed the amounts paid from Fulton County for Special Assessments to the District during 2012 and 2011. We found no exceptions.

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- a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.
2. We agreed Special Assessments received from individuals to the Office Manager's Final Assessment Spreadsheet and approving Resolutions 2012-024 and 2011-003. We found no exceptions.
- a. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Charges for Services

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2012 and 10 water collection cash receipts from the year ended December 31, 2011 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Payment Listing Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Payment Listing Report 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 funds, and was recorded in the year received. We found no exceptions.
2. We read the Usage Detail Report.
 - a. We noted this report listed \$2,276.14 and \$9,241.45 of accounts receivable as of November 14, 2012 and December 14, 2011, respectively.
 - b. Of the total receivables reported in step 2a, \$0 and \$1,041 were recorded as more than 90 days delinquent as of November 14, 2012 and December 14, 2011, respectively.
3. We read the Swan creek Water District Adjustment Report.
 - a. We noted this report listed a total of \$9,820 and \$0 non-cash receipts adjustments for the year ended December 31, 2012 and 2011, respectively.
 - b. We obtained the non-cash adjustments printout from the Office Manager for 2012 and noted that the Board of Trustees approved the non-cash adjustments.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following notes and loans outstanding as of December 31, 2010. These amounts agreed to the Districts January 1, 2011 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2010:
Ohio Water Development Loans	\$3,090,571
Swan creek Township Note	33,085

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Report for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. All debt noted agreed to the summary we used in step 2.
3. We obtained a summary of note debt and loan activity for 2012 and 2011 and agreed principal and interest payments from the related debt amortization schedules to the Water Fund for the Township Loan, and the Fulton County Road 3 Construction Note, Fund 5102 for OWDA Loan 3310 Phase II Assessments, Fund 5103 for OWDA Loan 3342 Phase V Assessments, Fund 5109 for OWDA Loan 3960 Road 2 Construction #2, and Fund 5105 for OWDA Loan 3961 Road 2 Construction payments reported in the Appropriations Ledger. 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 in the Water Fund and the Lee High Project funds per the Receipt Register Report. The amounts agreed.
5. For new debt issued during 2012 and 2011, we inspected the debt legislation, noting the District must use the proceeds from OWDA for the Lee High Project and the note from the County for repayment to Fulton County for the Water District's share of the Road 3 project.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Employee Detail Adjustment Report and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Wages and Overtime – Detailed Report to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether 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 2012. We noted the following:

Withholding plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare	January 31, 2013	January 10, 2013	\$450.67	\$450.67
State income taxes	January 15, 2013	January 9, 2013	155.37	155.37
Local School District income tax	January 31, 2013	January 9, 2013	49.86	49.86
OPERS retirement	January 30, 2013	January 9, 2013	542.95	542.95

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2012 and ten from the year ended December 31, 2011 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 Payment Register 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.

Compliance – Budgetary

- 1. We compared the total estimated receipts from Resolution 2012-53 Budgeted Revenues required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General and Road 2 Construction Loan 3961 funds for the years ended December 31, 2012 and 2011. The amounts agreed.
- 2. We scanned the appropriation measures adopted for 2012 and 2011 to determine whether, for the General and Road 2 Construction Loan 3961 funds, 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), 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2012 and 2011 for the following funds: General and Road 2 Construction Loan 3961. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
- 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 General and Road 2 Construction Loan 3961 funds for the years ended December 31, 2012 and 2011. Appropriations did not exceed estimated revenue.

5. Ohio Rev. Code Sections 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, 2012 and 2011 for the General and Road 2 Construction Loan 3961 funds, as recorded in the Appropriation Status Report. Expenditures did not exceed appropriations.

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.



Dave Yost
Auditor of State

August 12, 2013

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SWANCREEK WATER DISTRICT

FULTON 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 3, 2013**