



Dave Yost • Auditor of State





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

Brilliant Water and Sewer District  
Jefferson County  
706 2<sup>nd</sup> St.  
Brilliant, Ohio 43913

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Brilliant Water and 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, 2016 and 2015 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, 2016 and 2015 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, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning balance recorded in the Cash Journal to the December 31, 2014 balances in the prior year audited statements and Cash Journal. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Cash Journal to the December 31, 2015 balances in the Cash Journal. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015. Cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the District's financial institution. We found no exceptions.
5. We selected the only two reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 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 traced interbank account transfers occurring in December of 2016 and 2015 to the accounting records and on each bank statement to determine if they were properly recorded. We found no exceptions.

**Charges for Services**

1. We haphazardly selected 10 water/sewer collection cash receipts from the year ended December 31, 2016 and 10 water/sewer collection cash receipts from the year ended 2015 recorded in the Utility Payment Report and:
  - a. Agreed the receipt amount per the Utility Payment Report 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. 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 Billing Register.
  - a. This report listed \$11,359 and \$8,191 of accounts receivable as of December 31, 2016 and 2015, respectively.
  - b. Of the total receivables reported in step 2a, \$0.00 and \$0.00 were recorded as more than 90 days delinquent as of December 31, 2016 and 2015, respectively.
3. We inspected the Utility Adjustment Edit Register.
  - a. This report listed a total of \$12,138 and \$11,816 non-cash receipts adjustments for the years ended December 31, 2016 and 2015, respectively.
  - b. We haphazardly selected five non-cash adjustments from 2016 and five non-cash adjustments from 2015, and noted that at least one Board member approved each adjustment.

**Debt**

1. From the prior audit documentation, we observed the following loans outstanding as of December 31, 2014. These amounts agreed to the Districts January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
OWDA #5876 New Well	\$132,056.55
OWDA #5890 Waterline Project	\$392,123.16
OPWC #CN28N Waterline Replacement	\$ 46,665.72

2. We inquired of management, and inspected the Receipt Report and Cash Journal for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt observed agreed to the summary we used in step 3. As well as new issues noted for the planning and design of a new facility with Ohio Water Development Authority.

3. We obtained a summary of debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedules to debt service payments reported in the Cash Journal. 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 per the Receipt Report. The amounts agreed, however we noted debt proceeds of \$82,800 received in 2015 and \$182,495 in 2016 were misclassified as Miscellaneous Revenue.
5. For new debt issued during 2016 and 2015, we inspected the debt legislation, which stated the District must use the proceeds to design and plan a new facility. We inspected the Cash Journal and observed the District spent 100% of proceeds for engineering services February of 2015 through September of 2016.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Payroll Ledger and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Ledger to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no material exceptions.
  - c. We inspected the Payroll Ledger 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 minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we compared the following information in the employees' personnel files and minute record to confirm it was consistent with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Account to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 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 2016. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	January 4, 2017	\$3,909.22	\$3,909.22
State income taxes	January 15, 2017	January 5, 2017	702.67	702.67
OPERS retirement	January 30, 2017	January 3, 2017 January 5, 2017	5,017.53	2,926.90 2,090.63

### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2016 and ten from the year ended 2015 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 Cash Journal 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 estimated receipts from the Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Sections 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Revenue Report for the years ended December 31, 2016 and 2015. The amounts agreed.
2. We inspected the appropriation measures adopted for 2016 and 2015 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), 5705.38 and 5705.40, to the amounts recorded in the Appropriation Report for 2016 and 2015. 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 years ended December 31, 2016 and 2015. 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, 2016 and 2015, as recorded in the Appropriation Report. Expenditures did not exceed appropriations.
6. We inspected the Cash Journal for the years ended December 31, 2016 and 2015 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. The district operates one fund.

### **Other Compliance**

Ohio Rev. Code Section 117.38 requires entities to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. Financial information was filed on July 14, 2017 for both years which was not within the allotted timeframe.

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 for the use of the District to assist in evaluating its receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015 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

August 14, 2017

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# Dave Yost • Auditor of State

**BRILLIANT WATER AND SEWER DISTRICT**

**JEFFERSON 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  
AUGUST 29, 2017**