



Dave Yost • Auditor of State

LE-AX REGIONAL WATER DISTRICT
ATHENS COUNTY
DECEMBER 31, 2016

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Le-Ax Regional Water District
Athens County
6000 Industrial Drive
Athens, Ohio 45701

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Le-Ax Regional Water District, Athens County, Ohio (the District), on the receipts, disbursements and balance recorded in the District's cash basis accounting records for the year ended December 31, 2016 and certain compliance requirements related to those transactions and balance, included in the information provided to us by the management of the District. The District is responsible for the receipts, disbursements and balance recorded in the cash basis accounting records for the year ended December 31, 2016 and certain compliance requirements related to the transactions and balance 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, 2016 bank reconciliation. We found no exceptions.
2. We agreed the January 1, 2016 beginning balance recorded in the Account Transaction Ledger to the December 31, 2015 balance in the prior year audited statement. We found no exceptions.
3. We agreed the total per the bank reconciliation to the total of the December 31, 2016 cash balance reported in the Account Transaction Ledger. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balance with the District's financial institutions. We found no exceptions. We also compared the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation. We found \$1,604 in interest confirmed with the financial institution which was not recorded on the District's ledgers. We verified this amount was, in fact, posted by the District on January 15, 2017.
5. We tested all reconciling debits (such as outstanding checks) from the December 31, 2016 bank reconciliation:
 - a. We attempted to trace each debit to the subsequent January and February bank statement. The District's outstanding check list included 44 checks totaling \$10,912 from as far back as February 2015. These checks were still outstanding as of February 28, 2017.
 - 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.

Cash and Investments (Continued)

6. We traced interbank account transfers occurring in December of 2016 to the accounting records and on each bank statement to determine if they were properly recorded. We found no exceptions.
7. We inspected investments held at December 31, 2016 to determine that they were of a type authorized by Ohio Rev. Code § 6119.16. We found no exceptions.

Charges for Services

1. We haphazardly selected 10 water collection cash receipts from the year ended December 31, 2016 recorded in the Batch Bundle Reports and:
 - a. Agreed the receipt amount per the Batch Bundle Report to the amount recorded to the customer's account in the Billing Journal. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Journal 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 U/B Aged Trial Balance Report.
 - a. This report listed \$40,885 of accounts receivable as of December 31, 2016.
 - b. Of the total receivables reported in step 2a, \$2,079 were recorded as more than 90 days delinquent as of December 31, 2016.
3. We inspected the U/B Adjustment Journal Report.
 - a. This report listed a total of \$41,295 non-cash receipts adjustments for the year ended December 31, 2016.
 - b. We haphazardly selected five non-cash adjustments from 2016 and noted that the General Manager approved each adjustment.

Debt

1. From the prior audit documentation, we observed the following bonds and loans outstanding as of December 31, 2015. These amounts agreed to the Districts January 1, 2016 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2015:
USDA - Collector Well 2	\$3,070,045
USDA - Poston Project	5,175,117
USDA – Vinton County	1,311,078
OWDA #5918	26,667
OWDA Revenue Bonds	142,519

Debt (Continued)

2. We inquired of management, and inspected the Receipt Register Report and Check Register Report for evidence of debt issued during 2016 or debt payment activity during 2016. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonded and note activity for 2016 and agreed principal and interest payments from the related debt amortization schedules to debt service payments reported in the Payment Register Report. 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 2016 from the Earnings Report and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Pay Stub Report to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
 - b. We inspected Earnings Report to confirm whether account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. 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, 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 noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	01/31/2017	12/30/2016	\$6,304	\$6,304
State income taxes	01/15/2017	01/12/2017	\$2,245	\$2,245
Local income tax	01/15/2017	01/12/2017	\$118	\$118
OPERS retirement	01/31/2017	01/04/2017	\$19,137	\$19,137

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Check Register for the year ended December 31, 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 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 § 5705.41(D).

Compliance – Budgetary

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources required by Ohio Rev. Code §§ 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Income/Expense Statement for the year ended December 31, 2016. The amounts agreed.
2. We inspected the appropriation measure adopted for 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 compared total appropriations required by Ohio Rev. Code §§ 5705.28(B)(2), 5705.38 and 5705.40, to the amounts recorded in the Income/Expense Statement for 2016. The amounts on the appropriation resolutions agreed to the amounts recorded in the Income/Expense Statement.
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 year ended December 31, 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 year ended December 31, 2016 as recorded in the Income/Expense Statement. Expenditures did not exceed appropriations.
6. We inspected the General Ledger Report for the year ended December 31, 2016 for negative cash fund balance. Ohio Rev. Code § 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. We noted no fund having negative cash fund balance.

Other Compliance

Ohio Rev. Code § 117.38 requires entities to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. We confirmed the District filed their complete financial statements, as defined by AOS Bulletin 2016-007 within the allotted timeframe for the year ended December 31, 2016. No exceptions noted .

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 balance recorded in their cash-basis accounting records for the years ended December 31, 2016, and certain compliance requirements related to these transactions and balance and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State
Columbus, Ohio

May 18, 2017

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LE-AX REGIONAL WATER DISTRICT

ATHENS 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
JUNE 13, 2017