



Dave Yost • Auditor of State





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

Swan creek Water District  
Fulton County  
5565 County Road D  
Delta, Ohio 43515

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Swan creek Water District, Fulton County, Ohio, (the District), on the receipts, disbursements and balances recorded in the Districts 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 and Investments

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 fund balances recorded in the Fund Ledger Report to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances 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, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We observed the year-end bank balances on the financial institution's website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected all 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 inspected investments held at December 31, 2016 and December 31, 2015 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**

We confirmed the amounts paid from Fulton County for Special Assessments to the District during 2016 and 2015. We found no exceptions.

- a. We inspected the Receipt Register Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
- b. We inspected the Receipt Register Report to determine 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, 2016 and 10 water collection cash receipts from the year ended December 31, 2015 recorded in the Receipt Register Report and:
  - a. Agreed the receipt amount per the Receipt Register Report to the amount recorded to the customer's account in the Customer Billing Register. 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 fund, and was recorded in the year received. We found no exceptions.
2. We inspected the Past Due Balance Report.
  - a. This report listed \$9,900.23 and \$1,087.31 of accounts receivable as of December 1, 2016 and November 23, 2015, respectively.
  - b. Of the total receivables reported in step 2a, \$675.46 and none were recorded as more than 90 days delinquent as of December 1, 2016 and November 23, 2015, respectively.
3. We inspected the Adjustment Report.
  - a. This report listed a total of \$(2,104.63) and \$524.12 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 the Board of Trustees only approved one out of the 10 adjustments. The failure to have someone independent of the billing and collection process approve all adjustments increases the risk of errors and/or irregularities. We recommend all adjustments be approved by the Board of Trustees.

### **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:
Waterline Construction – OWDA Loan	\$101,675
Phase V Water Mains – OWDA Loan	261,163
Water System Expansion – OWDA Loan	89,656
Water System Expansion – OWDA Loan	2,192,241
Lee High Dr. Water Main Extension – OWDA Loan	113,685
Swancreek Township Loan	18,685
Fulton County Commissioners – Road 3 / NEFC - Loan	198,400

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report 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.
3. We obtained a summary of loan debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedules to the Water Fund payments reported in the Payment Register 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, except the District overpaid the final loan payment on a loan with Swancreek Township by \$300 in 2016. We recommend the District seek repayment from Swancreek Township for the overpayment on the loan.

#### 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 Employee Detail Adjustment Report and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Employee Detail Adjustment Report to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
  - b. We inspected the Employee Detail Adjustment Report to confirm whether the funds and 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, 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:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare	January 31, 2017	January 6, 2017	\$ 745.41	\$ 745.41
State income taxes	January 31, 2017	January 6, 2017	162.21	162.21
School District	January 31, 2017	January 6, 2017	55.22	55.22
OPERS retirement	January 31, 2017	February 7, 2017	778.64	778.64

As stated above, the District did not remit the OPERS payment before the required due date as required by Ohio Rev. Code Sections 145.47 and 145.48. We recommend the District make all tax and retirement withholding remittances by the required due dates.

### Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended December 31, 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 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.
- 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 Resolution 2015-50 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 Water Operating and Phase II Assessment funds for the years ended December 31, 2016 and 2015. The amounts on the *Resolution* agreed to the amount recorded in the accounting system, except for the General Water Operating Fund. The Revenue Status Report recorded budgeted (i.e. certified) resources of \$229,240 for 2015. However, the final Resolution of Budgeted Resources reflected \$238,966. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the final Resolution of Budgeted Revenues 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 2016 and 2015 to determine whether, for the General Water Operating and Phase II Assessment 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 2016 and 2015 for the following funds: General Water Operating and Phase II Assessments. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report, except for the General Water Operating Fund in 2016. The Appropriation Status Report recorded total budgeted appropriations at \$295,777 for 2016. However, the Trustee approved appropriations reflected \$269,727. The Fiscal Officer should periodically compare amounts recorded in the Appropriation Status Report to amounts approved by the Trustees to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring.
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 Water Operating and Phase II Assessment funds 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 for the General Water Operating and Phase II Assessment funds, as recorded in the Appropriation Status Report. General Water Operating Fund expenditures for 2016 exceeded total appropriations by \$208, contrary to Ohio Rev. Code Sections 5705.28(B)(2) and 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. We inspected the Cash Summary by Fund Report 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. There were no funds having negative cash fund balances.

#### **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. 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 up on 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 within the allotted timeframe for the year ended December 31, 2015 in the HINKLE system. Complete financial information for 2016 was filed on May 17, 2017, which was not within the allotted timeframe. We recommend the District file the financial information within the required time frame.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 13, 2017





# Dave Yost • Auditor of State

**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  
OCTOBER 3, 2017**