



Dave Yost • Auditor of State

LE-AX REGIONAL WATER DISTRICT
ATHENS COUNTY
DECEMBER 31, 2017

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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 the Le-Ax Regional Water District, Athens County, Ohio (the District), on the receipts, disbursements and balances recorded in the District's cash basis accounting records for the year ended December 31, 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 year ended December 31, 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 and Investments

1. We recalculated the December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning balance recorded in the Account Transaction Ledger Report to the December 31, 2016 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 cash balances reported in the Account Transaction Ledger. The amounts agreed.
4. We confirmed the December 31, 2017 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, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
 - a. We traced each debit to the subsequent January and February 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 2017 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.

Cash and Investments (Continued)

7. We inspected investments held at December 31, 2017 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, 2017 recorded in the Batch Bundle Reports and:
 - a. Agreed the receipt amount per the Batch Bundle Reports to the amount recorded to the customer's account in the Billing Journal - Active Accounts. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Billing Journal - Active Accounts 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 Aging Summary for Active Accounts.
 - a. This report listed \$25,779 of accounts receivable as of December 31, 2017.
 - b. Of the total receivables reported in procedure 2a, \$2,470 was recorded as more than 90 days delinquent as of December 31, 2017.
3. We inspected the Adjustment Batch Summary report.
 - a. This report listed a total of \$822,341 non-cash receipts adjustments for the year ended December 31, 2017.
 - b. We haphazardly selected five non-cash adjustments from 2017 and noted that the Board of Trustees or General Manager approved each adjustment.

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 agreed to the District's January 1, 2017 balances on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
USDA- Collector Well 2	\$3,013,001
USDA- Poston Project	5,032,565
USDA- Vinton County	1,288,645
OWDA # 5918	25,661
OWDA Revenue Bonds	71,961

2. We inquired of management, and inspected the Receipt Register Report and Check Register Report for evidence of debt issued during 2017 or debt payment activity during 2017. All debt agreed to the summary we used in procedure 3.

Debt (Continued)

3. We obtained a summary of bonds and loans debt activity for 2017 and agreed principal and interest payments from the related debt amortization schedules to payments reported in the Payment Register Report. We found no exceptions. We also compared the date the debt service payments were due to the date the District made the payments. We found five payments made two days after the due date on the amortization schedule with all but one being due to a legal holiday or weekend.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 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). We found no exceptions.
 - b. We inspected the Earnings Report to confirm whether the account code 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, 2017 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 2017. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	01/31/2018	12/27/2017	\$47,368	\$47,368
State income taxes	01/15/2018	01/12/2018	2,422	2,422
Local income tax	01/15/2018	01/12/2018	170	170
OPERS retirement	01/30/2018	01/09/2018	19,748	19,748

Non-Payroll Cash Disbursements

- We haphazardly selected ten disbursements from the Check Register for the year ended December 31, 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 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). We found no exceptions.

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 §§ 5705.28(B)(2) and 5705.36(A)(1), to the amounts recorded in the Income/Expense Statement for the year ended December 31, 2017. The amounts agreed.

Compliance – Budgetary (Continued)

2. We inspected the appropriation measures adopted for 2017 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 2017. The amounts on the appropriation resolutions agreed to the amounts recorded in 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, 2017. 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, 2017 as recorded in Income/Expense Statement. Expenditures did not exceed appropriations.
6. We inspected the General Ledger for the year ended December 31, 2017 for negative cash fund balance. Ohio Rev. Code § 5705.10(l) 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 § 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, 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 and Auditor of State established policy within the allotted timeframe for the year ended December 31, 2017 in the Hinkle system. There were no exceptions.

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 year ended December 31, 2017, 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

May 21, 2018

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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
MAY 31, 2018