



Dave Yost • Auditor of State



**MONROE WATER SYSTEMS  
MONROE COUNTY**

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

Monroe Water Systems  
Monroe County  
P.O. Box 15  
43022 Six Points Road  
Laings, Ohio 43752

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of the Monroe Water Systems, Monroe County, Ohio (the Water Systems), on the receipts, disbursements and balances recorded in the Water Systems' cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Water Systems. The Water Systems is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Water Systems. 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, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning balance recorded in the Ledger Analysis Report to the December 31, 2015 balance in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balance recorded in the Ledger Analysis Report to the December 31, 2016 balance in the Ledger Analysis Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 cash balances reported in the Ledger Analysis Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balances with the Water Systems' 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 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.

### **Cash (Continued)**

6. We traced an interbank account transfer occurring in December of 2016 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.

### **Intergovernmental Cash Receipts**

We selected the two receipts from the County Auditor's Appropriation History Report from 2017 and the two from 2016.

- a. We compared the amount from the above report to the amount recorded in the Ledger Analysis Report. The amounts agreed.
- b. We inspected the Ledger Analysis 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, 2017 and 10 water collection cash receipts from the year ended 2016 recorded in the Transaction Posting Report and:
  - a. Agreed the receipt amount per the Transaction Posting Report to the amount recorded to the customer's account in the Customer History Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Customer History 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 recorded in the year received. We found no exceptions.
2. We inspected the Aging Report.
  - a. This report listed \$129,258 and \$132,229 of accounts receivable as of December 31, 2017 and 2016, respectively.
  - b. Of the total receivables reported in procedure 2a, \$54,471 and \$31,474 were recorded as more than 90 days delinquent as of December 31, 2017 and 2016, respectively.
3. We inspected the Customer Activity Report.
  - a. This report listed a total of \$6,787 and \$3,860 non-cash receipts adjustments for the years ended December 31, 2017 and 2016, respectively.
  - b. We haphazardly selected five non-cash adjustments from 2017 and five non-cash adjustments from 2016 and noted that the Business Manager approved each adjustment.

### **Over-The-Counter Cash Receipts**

We haphazardly selected 10 over-the-counter cash receipts from the year ended December 31, 2017 and 10 over-the-counter cash receipts from the year ended 2016 recorded in the duplicate cash receipts book and:

- a. Agreed the receipt amount to the amount recorded in the Transaction Posting Report. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Transaction Posting Register to determine the receipt was recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior audit documentation, we observed the following loans were outstanding as of December 31, 2015. These amounts agreed to the Water Systems' January 1, 2016 balances on the summary we used in procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2015:</b>
OWDA Loans	\$1,499,746

2. We inquired of management, and inspected the Ledger Analysis Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedules to debt service payments reported in the Ledger Analysis Report. We also compared the date the debt service payments were due to the date the Water Systems made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded per the Ledger Analysis Report. The amounts agreed.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Check Posting Register and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Check Posting Register to supporting documentation (timecard, or legislatively approved rate or salary). We found no exceptions.
  - b. We inspected the PR Summarized Employee Check Posting GL Entry Report to confirm whether the account code 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, 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:

<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	1/31/18	1/4/18	\$3,541	\$3,541
State income taxes	1/15/18	1/5/18	\$590	\$590
OPERS retirement	1/30/18	1/4/18	\$8,070	\$8,070

### **Non-Payroll Cash Disbursements**

We haphazardly selected ten disbursements from the Ledger Analysis Report for the year ended December 31, 2017 and ten from the year ended 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 Ledger Analysis Report and to the names and amounts on the supporting invoices. 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 Monthly Budget Report for the years ended December 31, 2017 and 2016. The amounts agreed.
2. We inspected the appropriation measures adopted for 2017 and 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 Monthly Budget Report for 2017 and 2016. The amounts on the appropriation resolutions agreed to the amounts recorded in the Monthly Budget Report.
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 years ended December 31, 2017 and 2016. Appropriations did not exceed estimated revenue.
5. Ohio Rev. Code §§ 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, 2017 and 2016, as recorded in the Monthly Budget Report. Expenditures did not exceed appropriations.
6. We inspected the Cash Summary by Fund Report for the years ended December 31, 2017 and 2016 for negative cash fund balances. 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. There were no 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 refile 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 upon procedure engagements, subsequent to the Water Systems' deadline where the initial filing was filed on time but incomplete.



**Other Compliance (Continued)**

We confirmed the Water Systems filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2017 and 2016 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 Water Systems' 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 Water Systems' receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2017 and 2016, 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

March 26, 2018

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# Dave Yost • Auditor of State

**MONROE WATER DISTRICT**

**MONROE 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  
APRIL 24, 2018**