



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MONROE WATER SYSTEMS  
MONROE COUNTY  
DECEMBER 31, 2019 AND 2018**

**TABLE OF CONTENTS**

| <b>TITLE</b>   | <b>PAGE</b> |
|--|-------------|
| Independent Accountants' Report on Applying Agreed-Upon Procedures ..... | 1           |

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# OHIO AUDITOR OF STATE KEITH FABER



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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 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, 2019 and 2018 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, 2019 and 2018 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, 2019 and December 31, 2018 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2018 beginning balance recorded in the Ledger Analysis Report to the December 31, 2017 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2019 beginning fund balances recorded in the Ledger Analysis Report to the December 31, 2018 balances 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, 2019 and 2018 cash balances reported in the Ledger Analysis Report and the financial statements filed by the Water Systems in the Hinkle System. The amounts agreed.
4. We confirmed the December 31, 2019 bank account balances with the Water Systems' financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2019 bank reconciliation without exception.
5. We selected the two reconciling debits (such as outstanding checks) from the December 31, 2019 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 selected the one reconciling credit (deposit in transit) from the December 31, 2019 bank reconciliation:
  - a. We traced each credit to the subsequent January bank statement. We found no exceptions.
  - b. We agreed the credit amounts to the Ledger Analysis Report. The credit was recorded as a December receipt for the same amount recorded in the reconciliation.

### **Intergovernmental Cash Receipts**

We selected the two receipts from the County Auditor's Appropriation History Report from 2019 and the two from 2018:

- a. We compared the amount from the above named report to the amount recorded in the Ledger Analysis Report. The amounts agreed.
- b. We inspected the Ledger Analysis Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.

### **Charges for Services**

1. We selected 10 water collection cash receipts from the year ended December 31, 2019 and 10 water collection cash receipts from the year ended 2018 recorded in the Transaction Posting Report and:
  - a. Agreed the receipt amount per the Transaction Posting Register 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 \$158,048 and \$75,766 of accounts receivable as of December 31, 2019 and 2018, respectively.
  - b. Of the total receivables reported in procedure 2a, \$55,904 and \$3,191 were recorded as more than 90 days delinquent as of December 31, 2019 and 2018, respectively.
3. We inspected the Customer History Report.
  - a. This report listed a total of \$8,157 and \$10,346 non-cash receipts adjustments for the years ended December 31, 2019 and 2018, respectively.
  - b. We selected five non-cash adjustments from 2019 and five non-cash adjustments from 2018, and noted that the Business Manager approved each adjustment.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2017. These amounts agreed to the Water Systems' January 1, 2018 balances on the summary we used in procedure 3.

| Issue      | Principal outstanding as of December 31, 2017: |
|------------|--|
| OWDA Loans | \$1,132,732                                    |

2. We inquired of management, and inspected the Ledger Analysis Report for evidence of debt issued during 2019 or 2018 or debt payment activity during 2019 or 2018. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of loan debt activity for 2019 and 2018 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 selected one payroll check for five employees from 2019 and one payroll check for five employees from 2018 from the Check Posting Report and:
  - a. We compared the hours and pay rate, or salary amount recorded in the Check Posting Report 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, 2019 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 2019. We observed the following:

| Withholding (plus employer share, where applicable) | Date Due | Date Paid | Amount Due | Amount Paid |
|---|----------|-----------|------------|-------------|
| Federal income taxes & Medicare                     | 1/31/20  | 1/8/20    | \$3,597    | \$3,597     |
| State income taxes                                  | 1/15/20  | 1/9/20    | \$690      | \$690       |
| OPERS retirement                                    | 1/30/20  | 1/9/20    | \$9,222    | \$9,222     |

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

We selected 10 disbursements from the AP Regular Check Posting Register for the year ended December 31, 2019 and 10 from the year ended 2018 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 AP Regular Check Posting Register and to the names and amounts on the supporting invoices. We found no exceptions.

### **Compliance – Budgetary**

1. 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 approved appropriations (Ohio Rev. Code § 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2019 and 2018. Expenditures did not exceed appropriations.
2. We inspected the Monthly Budget Report for the years ended December 31, 2019 and 2018 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 funds having negative cash fund balances.

### **Sunshine Law Compliance**

1. We obtained and inspected the Water Systems' Public Records Policy to determine the policy did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with Water Systems' management and determined that the Water Systems did not have any completed public records requests during the engagement period.
3. We inquired with Water Systems' management and determined that the Water Systems did not have any denied public records requests during the engagement period.
4. We inquired with Water Systems' management and determined that the Water Systems did not have any public records requests with redactions during the engagement period.
5. We inquired with Water Systems' management and determined that the Water Systems did not have a records retention policy during the engagement period and therefore could not make it readily available to the public.
6. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager. We found no exceptions.
7. We inspected the Water Systems' policy manual and determined the public records policy was included. We found no exceptions.
8. We observed that the Water Systems' poster describing their Public Records Policy was displayed conspicuously in all branches of the Water Systems. We found no exceptions.



### **Sunshine Law Compliance (Continued)**

9. We inquired with Water Systems' management and determined that the Water Systems did not have any applications for record disposal submitted to the Records Commission during the engagement period.
10. We inquired with Water Systems' management and determined that the Water Systems did not have any elected officials subject to the Public Records Training requirements during the engagement period.
11. We inspected the public notices for the public meetings held during the engagement period and determined the Water Systems notified the general public and news media of when and where meetings during the engagement period are to be held. We found no exceptions.
12. We inspected the minutes of public meetings during the engagement period and determined whether they were:
  - a. Prepared – a file is created following the date of the meeting
  - b. Filed – placed with similar documents in an organized manner
  - c. Maintained - retained, at a minimum, for the engagement period
  - d. Open to public inspection – available for public viewing or request.We found no exceptions.
13. We inspected the minutes from the engagement period and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
  - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

### **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, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. 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, 2019 and 2018 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.

Monroe Water Systems  
Monroe County  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures  
Page 6

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, 2019 and 2018, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

June 1, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**MONROE WATER SYSTEMS**

**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  
JUNE 23, 2020**