



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Newport Water and Sewer District  
Washington County  
P.O. Box 367  
Newport, Ohio 45768

We have performed the procedures enumerated below on the Newport Water and Sewer District's, Washington County, Ohio (the District), receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2022 and 2021 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, 2022 and 2021 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District.

The Board of Trustees and the management of the District have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the District's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2022 and 2021, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

### Cash and Investments

1. We recalculated the December 31, 2022 and December 31, 2021 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2021 beginning fund balance recorded in the Treasurer's Monthly Report to the December 31, 2020 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2022 beginning fund balance recorded in the Treasurer's Monthly Report to the December 31, 2021 balances in the Treasurer's Monthly Report. We found no exceptions.

### **Cash and Investments (Continued)**

3. We agreed the 2022 and 2021 bank reconciliation as of December 31, 2022 and 2021 to the total fund cash balance reported in the Treasurer's Monthly Report and the financial statements filed by the District in the Hinkle System. We found the balance reported on the bank reconciliation and Treasurer's Monthly Report at December 31, 2022, was \$6,657 less than the amount reported in the Hinkle System. This was due to an expenditure budget amount used in the Hinkle filing instead of the actual expenditure amount.
4. We confirmed the December 31, 2022 bank account balances with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2022 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2022 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, and determined the debits were dated prior to December 31. We found no exceptions.
6. We inspected investments held at December 31, 2022 and December 31, 2021 to determine that they were of a type authorized by Ohio Rev. Code § 6119.16. We found no exceptions.

### **Intergovernmental Cash Receipts**

We selected the receipt from the County Auditor Vendor Detail Report from 2022:

- a. We compared the amount from the above named report to the amount recorded in the Treasurer's Monthly Report. The amounts agreed.
- b. We inspected the Treasurer's Monthly Report to determine the receipt was allocated to the proper fund as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
- c. We inspected the Treasurer's Monthly 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/sewer collection cash receipts from the year ended December 31, 2022 and 10 water/sewer collection cash receipts from the year ended 2021 recorded in the Muni-Link Billing System and:
  - a. Agreed the receipt amount per the Transaction Report to the amount recorded to the customer's account in the Account Detail Report. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Account Detail Report for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the engagement 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.

**Charges for Services (Continued)**

2. We inspected the Aging Report.
  - a. This report listed \$56,795 and \$109,574 of accounts receivable as of December 31, 2022 and 2021, respectively.
  - b. Of the total receivables reported in procedure 2a, \$5,353 and \$5,253 were recorded as more than 90 days delinquent.
  
3. We inspected the Consolidated Batch Summary Report (Muni-Link System).
  - a. This report listed a total of \$162,648 and \$8,619 non-cash receipts adjustments for the years ended December 31, 2022 and 2021, respectively.
  - b. Per Brenda Wilson, Water/Sewer Clerk, most adjustments were for errors in reading, pool fills or mistakes, that she is authorized to make. To write-off an account that is uncollectible, she always takes it to the Board; however, the Muni-Link System was unable to provide a Detail Adjustment Report.

**Other Receipts**

We selected 10 other receipts from the year ended December 31, 2021:

- a. Agreed the receipt amount recorded in the Treasurer's Monthly Report to supporting documentation. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Treasurer's Monthly Report to determine the receipt was posted to the proper fund and was recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior agreed-upon procedures documentation, we observed the following loans were outstanding as of December 31, 2020.
  - a. These amounts agreed to the District's January 1, 2021 balances on the summary we used in procedure 3.
  - b. We inspected the debt's final offering documents for all outstanding debt, and we confirmed the debt covenants did not have requirements that failing to follow the terms indicates possible outcome modification of the debt terms.

Issue	Principal outstanding as of December 31, 2020:
USDA #91-01	\$978,600
OWDA #4865	69,035
OWDA #7391	499,704
OPWC #CR02B	17,254
OPWC #CR04T	1,305,450

2. We inquired of management and inspected the Treasurer's Monthly Report for evidence of debt issued during 2022 or 2021 or debt payment activity during 2022 or 2021. All debt agreed to the summary we used in procedure 3.

**Debt (Continued)**

3. We obtained a summary of loans debt activity for 2022 and 2021 and agreed principal and interest payments from the related debt amortization schedules to Enterprise fund payments reported in the Check Register. We found during 2022 the District recorded \$23 less to Principal per the Hinkle filing than what was on the amortization schedule. We found during 2021 the District recorded \$775 less to Principal and \$788 more to Interest per the Hinkle filing than what was on the amortization schedule. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.
4. We found the District did not record debt proceeds in the amount of \$25,157 to the District's ledgers during 2022.
5. For new debt issued during 2022, we inspected the debt legislation, which stated the District must use the proceeds to purchase an excavator. We inspected the Treasurer's Monthly Report and noted the District did not record the transaction in the accounting system. However, it was noted the District entered into a Promissory Note on May 11, 2022 with the Peoples Savings Bank.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2022 and one payroll check for five employees from 2021 from the Treasurer's Monthly Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Tracking Worksheet to supporting documentation (timecard, legislatively approved rate or salary). We found no exceptions.
  - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
  - c. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files and minute record. We found no exceptions.
  - d. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We selected the two new employees from 2022 and:
  - a. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
  - b. We agreed the items in a above to the Payroll Tracking Worksheet.  
We found no exceptions.
3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2022 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 2022. 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 (and social security, for employees not enrolled in pension system)	January 31, 2023	January 3, 2023	\$1,118	\$1,118
State income taxes	January 15, 2023	January 3, 2023	\$177	\$177
OPERS retirement	January 30, 2023	January 3, 2023	\$2,099	\$2,099

We found no exceptions.

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

1. From the Treasurer's Monthly Report, we re-footed checks recorded as *salary* disbursements, and checks recorded as *miscellaneous expenditures* for 2022. We found no exceptions.
2. We selected 10 disbursements from the Check Register Report for the year ended December 31, 2022 and 10 from the year ended 2021 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 or bank statement agreed to the check number, date, payee name and amount recorded in the Check Register 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.

### **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, 2022 and 2021. Expenditures for 2022 exceeded total appropriations by \$3,976, contrary to Ohio Rev. Code §§ 5705.28(B)(2) and 5705.41(B).
2. We inspected the Statement of Receipts, Disbursements and Changes in Fund Balance – Regulatory Cash Basis Report for the years ended December 31, 2022 and 2021 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. There were no funds having negative cash fund balances.

### **Sunshine Law Compliance**

1. We inquired with District management and determined that the District did not have a public records policy during the engagement period as required by Ohio Rev. Code § 149.43(E)(2).
2. We determined the following:
  - a. We inquired with District management and determined that the District did not have any completed public records requests during the engagement period.
  - b. The District did not have any denied public records requests during the engagement period.
  - c. The District did not have any public records requests with redactions during the engagement period.
3. We inquired with District management and determined that the District did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inquired with District management and determined that the District did not have a public records policy during the engagement period therefore could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
5. We inquired with District management and determined that the District did not have a public records policy during the engagement period therefore it could not be included in a policy manual as required by Ohio Rev. Code § 149.43(E)(2).

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

6. We inquired with District management and determined that the District did not have a public records policy during the engagement period therefore it could not be displayed in all the branches of the District as required by Ohio Rev. Code § 149.43(E)(2).
7. We inquired with District management and determined that the District did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with District management and determined that the District did not have any elected officials subject to the Public Records Training requirements during the engagement period as required by Ohio Rev. Code §§ 149.43(E)(1) and 109.43(B).
9. We inspected the public notices for the public meetings held during the engagement period and determined the District notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) 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.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) 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 the Board went into executive session during two regular meetings but did not express a reason for the executive sessions.

### **Other Compliance**

Ohio Rev. Code § 117.38 requires these districts 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 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 years ended December 31, 2022 and 2021 in the Hinkle system. We found no exceptions.



We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 6, 2023

# OHIO AUDITOR OF STATE KEITH FABER



**NEWPORT WATER AND SEWER DISTRICT**

**WASHINGTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 12/19/2023**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)