



Dave Yost • Auditor of State

**BISHOPVILLE WATER DISTRICT
MORGAN COUNTY
DECEMBER 31, 2017 AND 2016**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Bishopville Water District
Morgan County
P.O. Box 130
Glouster, Ohio 45732

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Bishopville Water District, Morgan County, Ohio (the District), on the receipts, disbursements and balances recorded in the District's 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 District. The District 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 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

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 Statement of Receipts, Disbursements, and Change in Cash Balance- Cash Basis to the December 31, 2015 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Statement of Receipts, Disbursements, and Change in Cash Balance - Cash Basis to the December 31, 2016 balances in the Statement of Receipts, Disbursements, and Change in Cash Balance - Cash Basis. We found no exceptions.
3. We compared the totals per the bank reconciliations to the December 31, 2017 and 2016 cash balances reported in the Trial Balance Report. For 2016, the amounts agreed. For 2017, the balance on the Trial Balance Report was \$88,426, while the reconciled register balance on the bank reconciliation was \$91,909. The difference of \$3,483 was due to adjustments made by the District accountant to correct errors during the closeout. We note these adjustments appeared reasonable and the District still reconciled at December 31, 2017.
4. We confirmed the December 31, 2017 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, 2017 bank reconciliation without exception.

Cash (Continued)

5. We selected four 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.

Confirmable Cash Receipts

The District received Community Development Block Grant (CDBG) and Appalachian Regional Commission (ARC) grant amounts through Morgan County in 2017 and 2016 totaling \$128,946 and \$253,227, respectively. However, the District failed to record these amounts on its Statement of Receipts, Disbursements, and Change in Cash Balance - Cash Basis for either year. We confirmed the amounts paid by Morgan County for the District during 2017 and 2016 with the County. The District also received grant amounts through the Ohio Public Works Commission (OPWC) in 2016 totaling \$244,332. However, the District also failed to record these amounts on its Statement of Receipts, Disbursements, and Change in Cash Balance - Cash Basis for 2016. We confirmed the amounts paid with OPWC.

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 Report and:
 - a. Agreed the receipt amount per the Transaction Report to the amount recorded to the customer's account in the Detail Report/Account Card. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Detail Report/Account Card 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 Detail Report.
 - a. This report listed \$1,916 and \$8,917 of accounts receivable as of December 31, 2017 and 2016, respectively.
 - b. We inquired of management concerning the existence of any report indicating the portion of total accounts receivable, identified in step 2a, which was more than 90 days delinquent as of December 31, 2017 and 2016, respectively. The District does not maintain any such report.

Charges for Services (Continued)

3. We inspected the Transaction Report for individual noncash transactions, as identified by the Clerk, as the District does not have a non-cash adjustment report.
 - a. The Clerk manually identified \$986 and \$218 in non-cash receipts adjustments for the years ended December 31, 2017 and 2016, respectively.
 - b. We selected all non-cash adjustments from 2017 and all non-cash adjustments from 2016 identified by the Clerk for review. The Board of Trustees approved each adjustment in 2017 as documented in the minute record. During our procedures, we also identified \$2,182 which was, in substance, a non-cash adjustment despite the Clerk failing to identify it as such. This adjustment was also approved by the Board of Trustees as documented in the 2017 minute record. The 2016 non-cash adjustments had no documentation of approval.

Debt

1. From the prior audit report, we observed the following loans were outstanding as of December 31, 2015. These amounts agreed to the District's January 1, 2016 balances on the client summary provided.

Issue	Principal outstanding as of December 31, 2015:
Ohio Water Development Authority Loan(OWDA) #6238	\$18,850
Ohio Water Development Authority Loan (OWDA) #4371	971,495
Ohio Public Works Commission Loan (OPWC) #CR25G	194,094

2. We inquired of management, and inspected the Receipt Register Listing Report and Check Register 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 with one exception. The District obtained an additional OPWC loan for Water Tank Replacement (CR19S) resulting in debt proceeds of totaling \$55,553 in 2017 and \$22,783 in 2016. The District did not include this debt in its debt summary.
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 payments reported in the Check Register. We also compared the date the debt service payments were due to the date the District made the payments. We found one exception. OWDA loans are due on Jan 1 and July 1 of each year. The District did not pay the January 2016 payment timely for OWDA #4371 and a late fee was assessed and paid. The District recorded the late fee of \$82 as principal payment on the Statement of Receipts, disbursements and Change in cash balance.
4. We compared the amount of debt proceeds from the debt documents to amounts recorded per the Receipt Register Listing Report. The District obtained an additional OPWC loan for Water Tank Replacement (CR19S) resulting in debt proceeds of totaling \$55,553 in 2017 and \$22,783 in 2016. The District did not record these debt proceeds in the Receipt Register Listing Report.
5. For new debt issued during 2017 and 2016, we inspected the debt legislation, which stated the District must use the proceeds for a Water Tank Replacement. The OPWC made the payments, for this purpose, directly on behalf of the District. However, we inspected the Check Register and observed the District did not record these on-behalf payments as expenditures.

Payroll Cash Disbursements

1. We selected one payroll check for each employee from 2017 and one payroll check for each employee from 2016 from the Check Register Report and:
 - a. We compared the hours and pay rate, or salary amount recorded in the Payroll Tracking Worksheet to supporting documentation (timecard, or 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 Tracking Worksheet. We found no exceptions.
 - c. We inspected the Payroll Tracking Worksheet 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 or minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in procedure 1 we inspected the employees' personnel files and minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Account to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding.
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – f. above.

3. 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	01/09/2018	\$1,175	\$1,175
State income taxes	01/15/2018	01/09/2018	165	165
OPERS retirement	01/30/2018	01/05/2018	931	935

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Check Register 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 \$140 expended for sales tax.
- 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 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 Clerk 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 attempted to compare 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 accounting system for the years ended December 31, 2017 and 2016. The estimated receipt amounts were not recorded in the accounting system.
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 attempted to compare total appropriations required by Ohio Rev. Code §§ 5705.28(B)(2), 5705.38 and 5705.40, to the amounts recorded in the accounting system for 2017 and 2016. The appropriation amounts were not recorded in the accounting system.
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) prohibit 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 Appropriation Report. Expenditures did not exceed appropriations.
6. We inspected the Statement of Receipts, Disbursements, and Changes in Cash Balance - Cash Basis Report for the years ended December 31, 2017 and 2016 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 years ended December 31, 2017 in the Hinkle system. For 2016, the complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy was filed on March 10, 2017, which was not within the allotted timeframe.

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 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

May 4, 2018



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BISHOPVILLE WATER DISTRICT

MORGAN 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 29, 2018**